Congressional Research Service
Informing the legislative debate since 1914

Venezuela: Background and U.S. Relations

Updated August 26, 2020

Congressional Research Service
https://crsreports.congress.gov
R44841

CRS REPORT
Prepared for Members and
Committees of Congress

Congressional Research Service
Informing the legislative debate since 1914

SUMMARY

R44841

August 26, 2020

Clare Ribando Seelke, Coordinator
Specialist in Latin American Affairs

Rebecca M. Nelson
Specialist in International Trade and Finance

Phillip Brown
Specialist in Energy Policy

Rhoda Margesson
Acting Section Research Manager

Venezuela: Background and U.S. Relations

Venezuela remains in a deep crisis under the authoritarian rule of Nicolás Maduro of the United Socialist Party of Venezuela. Maduro, narrowly elected in 2013 after the death of Hugo Chávez (president, 1999-2013), began a second term on January 10, 2019, that is widely considered illegitimate. Since January 2019, Juan Guaidó, president of Venezuela's democratically elected, opposition-controlled National Assembly, has sought to form a transition government to serve until internationally observed elections can be held. The United States and 57 other countries recognize Guaidó as interim president, but he has been unable to harness that diplomatic support to wrest Maduro from power.

Venezuela's economy has collapsed. The country is plagued by hyperinflation, severe shortages of food and medicine, and a dire humanitarian crisis that has further deteriorated in 2020 as a result of gasoline shortages, an outbreak of Coronavirus Disease 2019 (COVID-19), and strengthened U.S. sanctions. Maduro has blamed U.S. sanctions for the economic crisis, but many observers cite economic mismanagement and corruption as the main factors. U.N. agencies estimate that 5.1 million Venezuelans have fled the country as of August 2020, primarily to neighboring countries.

U.S. Policy

Since recognizing the Guaidó government in January 2019, the United States has coordinated its efforts with Interim President Guaidó. U.S. strategy has emphasized diplomatic efforts to bolster support for Guaidó; targeted sanctions and visa revocations to increase pressure on Maduro officials; broader sanctions on the state oil company, other state-controlled companies and institutions, and the government; and humanitarian aid ($534 million to countries sheltering Venezuelans and $76 million for Venezuela from FY2017 through May 2020). In October 2019, the U.S. Agency for International Development (USAID) signed an agreement with the Guaidó government enabling the provision of development assistance and increased democracy assistance. In 2020, the Administration has sanctioned companies that have transported Venezuelan oil and seized Venezuela-bound ships carrying Iranian petroleum products in violation of sanctions. U.S. officials have vowed to keep "maximum pressure" on Maduro and his foreign backers until he agrees to allow a transition government to convene free and fair legislative and presidential elections.

Congressional Action

Congress has supported the Administration's efforts to support a restoration of democracy in Venezuela without U.S. military intervention in the country and to provide humanitarian support to Venezuelans, although some Members have expressed concerns about the humanitarian impact of sanctions. In December 2019, Congress enacted P.L. 116-94, which appropriates $30 million in FY2020 assistance for democracy programs in Venezuela and incorporates the Senate-reported version of the VERDAD Act (S. 1025), a comprehensive bill to address the crisis in Venezuela. The VERDAD Act incorporated House-passed measures authorizing FY2020 humanitarian aid to Venezuela (H.R. 854), restricting the export of defense articles to Venezuela (H.R. 920), and requiring a U.S. strategy to counter Russian influence in Venezuela (H.R. 1477). In December 2019, Congress also enacted P.L. 116-92, which prohibits federal contracting with persons who do business with the Maduro government. In July 2019, the House passed H.R. 549, designating Venezuela as a beneficiary country for temporary protected status; however, a Senate effort to pass H.R. 549 by unanimous consent failed.

For FY2021, the Administration requested $200 million in democracy aid aimed to support a democratic transition in Venezuela and $5 million in global health assistance; the House-passed version of the measure (H.R. 7608, H.Rept. 116-444) would provide $30 in democracy aid for Venezuela and support the provision of

additional aid if a democratic transition occurs. The House-passed version of the FY2021 National Defense Authorization Act (H.R. 6395, H.Rept. 116-442) would require a report on the crises in Venezuela and its impacts on U.S. and regional security.

Also see CRS In Focus IF10230, *Venezuela: Political Crisis and U.S. Policy*; CRS In Focus IF10715, *Venezuela: Overview of U.S. Sanctions*.

Contents

Introduction 1
Political Situation 2
Legacy of Hugo Chávez: 1999-2013 2
Maduro Government: 2013-2018 3
Interim President Recognized But Maduro Still in Power, 2019-Present 6
Human Rights 7
Economic Crisis 10
Maduro Government Policy Responses 11
New Economic Challenges in 2020 12
Humanitarian Situation and Response 14
Displacement 15
Coronavirus Disease 2019 15
International Humanitarian Response in Venezuela 16
International Humanitarian Response in the Region 17
International Actors in Venezuela's Crisis 18
U.S. Policy 21
U.S. Sanctions on Venezuela 22
Petroleum Sector Concerns and U.S. Economic Sanctions 24
Limitations on Financial Access 25
U.S.-Venezuela Petroleum Trade 26
Venezuela Petroleum Trade with Non-U.S. Entities 26
U.S. Assistance 29
Humanitarian Assistance (Including COVID-19 Assistance) 29
Democracy, Development, and Global Health-Related Assistance 30
U.S. Efforts to Combat Illicit Revenue Sources 32
Counternarcotics and U.S. Antidrug Prosecutions and Operations 33
Money Laundering and Asset Forfeiture 34
Illegal Mining 35
Human Trafficking 35
U.S. Concerns About Terrorism 36
Outlook 37

Figures

Figure 1. Political Map of Venezuela 2
Figure 2. Venezuela's Gross Domestic Product 11
Figure 3. Venezuelan Migrants and Asylum Seekers: Flows to the Region and Beyond 15
Figure 4. Venezuela Crude Oil Production and U.S. Imports 25
Figure 5. Venezuela Crude Oil Exports 28

Tables

Table 1. U.S. Foreign Assistance to Venezuela by Account: FY2017-FY2021 Request 31

Table B-1. Online Human Rights Reporting on Venezuela 41

Appendixes

Appendix A. Legislative Initiatives in the 116th Congress 38
Appendix B. Online Human Rights Reporting on Venezuela 41

Contacts

Author Information 41

Introduction

Venezuela, long one of the most prosperous countries in South America with the world's largest proven oil reserves, continues to be in the throes of a deep, multifaceted crisis. On January 10, 2019, Nicolás Maduro of the United Socialist Party of Venezuela (PSUV) took office for a second term after winning an election in May 2018 deemed illegitimate within Venezuela and by the United States and more than 50 other countries. Maduro has resisted international pressure to leave office in favor of the president of the National Assembly, Juan Guaidó. The United States and 57 other countries have recognized Guaido as interim president and support a plan to create a transition government to serve until free and fair elections can be convened.[1] Since returning from a February 2020 international tour, which included a meeting with President Donald Trump, Guaidó has been unable to harness his diplomatic support domestically. Maduro is seeking to convene new National Assembly elections in December 2020; many observers maintain that such a vote will not meet international standards and most opposition parties plan to boycott the vote.

U.S. relations with Venezuela, a major oil supplier, deteriorated under the Hugo Chávez government (1999-2013), which undermined human rights, the separation of powers, and freedom of expression. U.S. concerns have deepened as the Maduro government has manipulated democratic institutions; cracked down on the opposition, media, and civil society; engaged in drug trafficking and corruption; and refused most humanitarian aid. International efforts to find a political solution to the crisis have stalled. The Trump Administration has vowed to continue exerting pressure on Maduro until he agrees to leave office and to maintain support for Interim President Juan Guaidó regardless of the legislative election results.[2]

Venezuela at a Glance

Population: 27.5 million (2019 est., IMF)

Area: 912,050 square kilometers (slightly more than twice the size of California)

GDP: $70.1 billion (2019, current prices, IMF est.)

GDP Growth: -18% (2018, IMF est.); -35% (2019, IMF est.)

GDP Per Capita: $2,548 (2019, current prices, IMF est.)

Key Trading Partners: Exports—U.S.: 35.2%, India: 21.4%, China: 15.2%. Imports—U.S.: 51.5%, China: 15.7%, Brazil: 13.8% (2019, EIU)

Unemployment: 44.3% (2019, IMF)

Life Expectancy: 74.7 years (2017, UNDP)

Literacy: 97.1% (2016, UNDP)

Legislature: National Assembly (unicameral), with 167 members; National Constituent Assembly, with 545 members (United States does not recognize)

Sources: Economist Intelligence Unit (EIU); International Monetary Fund (IMF); United Nations Development Programme (UNDP).

This report provides an overview of the overlapping political, economic, and humanitarian crises in Venezuela, followed by an overview of U.S. policy toward Venezuela.

[1] In the absence of an elected president, the Venezuelan Congress's president must become acting president of a transition government until elections can be called. Constitution of the Bolivarian Republic of Venezuela, 1999, as amended by Amendment No. 1 of 15 February 2009, Article 233, translation by the Ministry of Communication and Information of the Bolivarian Republic of Venezuela, 2010.

[2] U.S. Department of State, "Briefing with Special Representative for Venezuela Elliott Abrams on Recent Developments in U.S.-Venezuela Policy," July 28, 2020.

Figure 1. Political Map of Venezuela

Source: Congressional Research Service (CRS).

Political Situation

Legacy of Hugo Chávez: 1999-2013[3]

Venezuela had one of the most stable political systems in Latin America from 1958 until 1989. After that period, however, numerous economic and political challenges have plagued the country. In 1989, then-President Carlos Andres Pérez initiated an austerity program that fueled riots in which several hundred people were killed. In 1992, two attempted military coups threatened the Pérez presidency—one led by Hugo Chávez, for which he served two years in prison. In May 1993, the legislature dismissed Pérez from office for corruption. The election of former President Rafael Caldera (1969-1974) as president in December 1993 brought a measure of stability, but the government faced a severe banking crisis. A rapid decline in the world price of oil caused a recession, which contributed to Hugo Chávez's landslide 1998 election victory.

[3] CRS Report R42989, *Hugo Chávez's Death: Implications for Venezuela and U.S. Relations*, by Mark P. Sullivan; CRS Report R43239, *Venezuela: Issues for Congress, 2013-2016*, by Mark P. Sullivan.

Under Chávez, Venezuela adopted a new constitution (ratified by plebiscite in 1999), a new unicameral legislature, and a new name for the country—the Bolivarian Republic of Venezuela, named after the 19th century South American liberator Simón Bolívar. Buoyed by windfall profits from high oil prices, the Chávez government expanded the state's role in the economy. Chávez's charisma, use of oil revenue to fund social programs and provide subsidized oil to Cuba and other countries, and willingness to oppose the United States captured global attention.

Chávez's legacy has been debated. President Chávez established an array of social programs and services that helped reduce poverty by some 20% and improve literacy and access to health care.[4] Nevertheless, his presidency was "characterized by a dramatic concentration of power and open disregard for basic human rights guarantees," especially after his brief ouster from power in 2002.[5] Declining oil production, combined with massive debt and high inflation, have shown the costs of Chávez's failure to save or invest past oil profits, tendency to take on debt and print money, and decision to fire thousands of technocrats after an oil workers' strike in 2002-2003.

Venezuela's 1999 constitution, amended in 2009, centralized power in the presidency and established five branches of government rather than the traditional three branches.[6] Those branches include the presidency, a unicameral National Assembly, a Supreme Court, a National Electoral Council (CNE), and a "Citizen Power" oversight branch. The president is elected for six-year terms and can be reelected indefinitely; however, he or she also may be made subject to a recall referendum (a process that Chávez submitted to in 2004 and survived but Maduro cancelled in 2016). Chávez exerted influence over all the government branches, particularly after an outgoing legislature dominated by *chavistas* appointed pro-Chávez justices to control the Supreme Court in 2004 (a move that Maduro's allies would repeat in 2015). In addition to voters having the power to remove a president through a recall referendum process, the National Assembly has the constitutional authority to act as a check on presidential power.[7]

Maduro Government: 2013-2018[8]

After Chávez's death in March 2013, Venezuela held presidential elections in April. Acting President Nicolás Maduro defeated Henrique Capriles of the Democratic Unity Roundtable (MUD) of opposition parties by 1.5%. The opposition alleged significant irregularities and protested the outcome; Maduro sought to consolidate his authority. Security forces and allied civilian groups violently suppressed protests and restricted freedom of speech and assembly. In 2014, 43 people died and 800 were injured in clashes between pro-Maduro forces and student-led

[4] Daniel Hellinger and Anthony Petros Spanakos, "The Legacy of Hugo Chávez," *Latin American Perspectives,* vol. 44, no. 1, January 2017, pp. 4-15.

[5] Although President Chávez remained widely popular until mid-2001, his standing eroded afterward amid growing concerns by some that he was imposing a leftist agenda on the country. In April 2002, massive protests and pressure by the military led to the ousting of Chávez from power for less than three days. He ultimately was restored to power by the military after an interim president alienated the military and the public by taking hard-line measures, including the suspension of the constitution. Human Rights Watch, "Venezuela: Chávez's Authoritarian Legacy," March 5, 2013.

[6] Antonio Ramirez, "An Introduction to Venezuelan Governmental Institutions and Primary Legal Sources," New York University Law School Library, May 2016.

[7] The National Assembly consists of a unicameral Chamber of Deputies with 167 seats whose members serve for five years and may be reelected once. With a simple majority, the legislature can approve or reject the budget and the issuing of debt, remove ministers and the vice president from office, overturn enabling laws that give the president decree powers, and appoint the five members of the CNE (for 7-year terms) and the 32 members of the Supreme Court (for one 12-year term). With a two-thirds majority, the assembly can remove judges, submit laws directly to a popular referendum, and convene a constitutional assembly to revise the constitution.

[8] See also CRS Report R43239, *Venezuela: Issues for Congress, 2013-2016*, by Mark P. Sullivan.

protesters concerned about rising crime. Maduro imprisoned opposition figures, including Leopoldo López, head of the Popular Will (VP) party, for allegedly inciting violence. In February 2015, the government again cracked down.

Nicolás Maduro

A former trade unionist who served in Venezuela's legislature from 1998 until 2006, Nicolás Maduro held the position of National Assembly president from 2005 to 2006, when he became President Chávez's foreign minister. Maduro retained that position until mid-January 2013, concurrently serving as vice president beginning in October 2012, when President Chávez tapped him to serve in that position following his reelection. Maduro often was described as a staunch Chávez loyalist. Maduro's partner since 1992 is well-known Chávez supporter Cilia Flores, who served as the president of the National Assembly from 2006 to 2011; the two married in 2013.

In the December 2015 legislative elections, the MUD captured a two-thirds majority in the National Assembly—a major setback for Maduro. The PSUV-aligned Supreme Court blocked three MUD deputies from taking office, depriving the opposition of a two-thirds majority. From January 2016 through August 2017, the Supreme Court blocked laws and assumed the legislature's functions. In 2016, opposition efforts to recall President Maduro in a national referendum were delayed and then suspended by the CNE. Most of the opposition (except the VP party) then entered talks with the government mediated by the Vatican; the former leaders of Spain, the Dominican Republic, and Panama; and the head of the Union of South American Nations. By December, the opposition left the talks due to the Maduro government's failure to meet its commitments.[9]

In early 2017, President Maduro appointed a hard-line vice president, Tareck el Aissami, designated by the United States as a drug kingpin. Popular protests had dissipated. In addition to restricting freedom of assembly, the government cracked down on media outlets and journalists.

Despite these obstacles, the MUD became reenergized in response to the Supreme Court's March 2017 rulings to dissolve the legislature and assume all legislative functions. After domestic protests and an outcry from the international community, President Maduro urged the court to revise those rulings, and it complied. In April 2017, the government banned two-time presidential candidate Henrique Capriles from seeking office for 15 years, which fueled more protests. From March to July 2017, the opposition conducted large protests against the government, calling for President Maduro to release political prisoners, respect the separation of powers, and hold an early presidential election. Clashes between security forces (backed by armed civilian militias) and protesters left more than 130 dead and hundreds injured.[10]

In May 2017, President Maduro announced that he would convene a constituent assembly to revise the constitution and scheduled July 30 elections to select delegates to that assembly. The Supreme Court ruled that Maduro could convoke the assembly without first holding a popular referendum (as the constitution requires). The opposition boycotted, arguing that the elections were unconstitutional; a position shared by then-Attorney General Luisa Ortega and international observers (including the United States). Despite an opposition boycott, the government orchestrated the July 2017 election of a 545-member National Constituent Assembly (ANC).

[9] Those commitments included (1) releasing political prisoners, (2) announcing an electoral calendar, (3) respecting the National Assembly's decisions, and (4) addressing humanitarian needs.

[10] Office of the United Nations High Commissioner for Human Rights (OHCHR), *Human Rights Violations and Abuses in the Context of Protests in the Bolivarian Republic of Venezuela from 1 April to 31 July 2017*, August 30, 2017. The Venezuelan human rights group Foro Penal and Human Rights Watch (HRW) maintain that more than 5,300 Venezuelans were detained during the protests. Human Rights Watch, Foro Penal, *Crackdown on Dissent: Brutality, Torture, and Political Persecution in Venezuela*, November 2017.

Even though many countries do not recognize its legitimacy, the ANC dismissed Attorney General Ortega (who then went into exile) and declared itself the new legislative body.

President Maduro gained the upper hand over the MUD despite international condemnation of his actions. In October 2017, the PSUV won 18 of 23 gubernatorial elections. Although fraud likely took place given the discrepancies between opinion polls and the election results, the opposition could not prove that it was widespread. There is evidence that the PSUV linked receipt of future government food assistance to votes for its candidates by placing food assistance card registration centers next to polling stations, a practice also used in subsequent elections.[11] The MUD coalition initially rejected the election results, but four victorious MUD governors took their oaths of office in front of the ANC (rather than the National Assembly), a decision that fractured the coalition.

With the opposition in disarray, President Maduro moved to consolidate power and blamed U.S. sanctions for the country's economic problems. Maduro fired and arrested the head of Petróleos de Venezuela, S.A. (PdVSA) and the oil minister for corruption. He appointed a general with no experience in energy to fill both positions, consolidating military control over the economy. The ANC approved a law to further restrict freedom of expression and assembly. Although most opposition parties did not participate in municipal elections held in December 2017, a few fielded candidates. The PSUV won more than 300 of 335 mayoralties.

May 2018 Elections and Aftermath

The Venezuelan constitution established that the country's presidential elections were to be held by December 2018. Although many prominent opposition politicians had been imprisoned (Leopoldo López, under house arrest), barred from seeking office (Henrique Capriles), or in exile, some Democratic Unity Roundtable (MUD) leaders sought to unseat President Nicolás Maduro through elections. Those leaders negotiated with the United Socialist Party of Venezuela to try to obtain guarantees, such as a reconstituted National Electoral Council (CNE) and international observers, to help ensure the elections would be as free and fair as possible. In January 2018, the National Constituent Assembly (ANC) ignored those negotiations and called for elections to be moved up from December to May 2018, violating a constitutional requirement that elections be called with at least six months anticipation. The MUD declared an election boycott, but Henri Falcón, former governor of Lara, broke with the coalition to run.

Venezuela's presidential election proved to be minimally competitive and took place within a climate of state repression. There were no internationally accredited election monitors. The government coerced its workers to vote and placed food assistance card distribution centers next to polling stations. The CNE reported that Maduro received 67.7% of the votes followed by Falcón (21%). Voter turnout was much lower in 2018 (46%) than in 2013 (80%). After independent monitors reported widespread fraud, Falcón called for new elections.

Following the disputed election, Maduro faced mounting economic problems, coup attempts, and increasing international isolation. His government released some political prisoners; established as executive vice president Delcy Rodriguez, former head of the ANC and former foreign minister; and made changes to increase Maduro's control over the judiciary and the intelligence services. It also arrested those perceived as threats, including military officers and an opposition legislator accused of involvement in an August 2018 alleged assassination attempt against Maduro. Foro Penal and Human Rights Watch documented several cases in which those accused of plotting coups were subjected to "beatings, asphyxiation and electric shocks." The October 2018 death in custody of Fernando Albán, an opposition politician, provoked domestic and international outrage.

Sources: José Ignacio Hernández G., "Rigged Elections: Venezuela's Failed Presidential Election," Electoral Integrity Project, May 30, 2018; Human Rights Watch, "Venezuela: Suspected Plotters Tortured," January 9, 2019.

[11] Michael Penfold, *Food, Technology, and Authoritarianism in Venezuela's Elections*, Woodrow Wilson Center, April 18, 2018.

Interim President Recognized But Maduro Still in Power, 2019-Present

On January 10, 2019, Maduro began a second term. The United States, the European Union (EU), the Group of Seven (G-7), and most Western Hemisphere countries do not recognize his mandate as legitimate. They view the National Assembly as Venezuela's only democratic institution.

On January 5, 2019, the National Assembly elected Juan Guaidó, a 35-year old industrial engineer from the VP party, as its president. In mid-January, Guaidó announced he was willing to serve as interim president until new elections were held. Buoyed by a huge turnout for protests he called for, Guaidó took the oath of office on January 23, 2019. The United States and more than 50 other countries recognized Guaidó as interim president.

In 2019, Guaidó's supporters organized two high-profile but ultimately unsuccessful efforts to get security forces to abandon Maduro: in February, Guaidó supporters sought to bring emergency aid into the country across borders that Maduro had closed; and on April 30, Guaidó called for a civil-military uprising.[12] Guaidó and his allies initially hoped that sustained protests and international pressure would lead to enough military defections to compel Maduro to leave office relatively quickly, but those hopes have not materialized. Aside from the former head of the national intelligence agency (General Manuel Christopher Figuera), who supported the April 30 uprising, the military high command has remained loyal to Maduro.

Analysts have speculated about why Maduro has retained the loyalty of most security forces in Venezuela. Military leaders have enriched themselves through corruption, drug trafficking, and other illicit industries. Some military leaders also may fear that they could face prosecution or extradition abroad for human rights abuses under a new government. The U.S. government has said it may remove sanctions on officials who abandon Maduro (as they did with Figuera), but that could be difficult, depending upon the individual and sanctions involved. Finally, Venezuelan intelligence officials, trained and supported by Cubans, have arrested dissidents within the military. In June 2019, a naval officer died after being tortured in custody.

Many observers had hoped that talks mediated by Norway, which became public in May 2019, could lead to a negotiated solution to the political crisis in Venezuela that would establish the conditions for internationally monitored elections to be held.[13] Hopes faded, however, after Maduro stopped participating in negotiations in early August 2019 following new U.S. sanctions. Guaidó pulled out of the process permanently in September.

Guaidó retains diplomatic support—as evidenced by his three-week diplomatic tour in early 2020, during which he and President Trump reportedly discussed how "to expedite a democratic transition in Venezuela"[14]—but he continues to lack domestic political power. Since March 2020, the Coronavirus Disease 2019 (COVID-19) pandemic and the Maduro government's strict

[12] The Venezuelan Human Rights group Foro Penal documented seven deaths and 107 arbitrary detentions that resulted from the use of force by state security forces and *colectivos* that blocked aid from entering the country February 22-23, 2019. Foro Penal, *Report on Repression in Venezuela*. February 2019. Maduro-aligned forces also responded to the April 30 demonstrations with force, with four deaths and hundreds of arbitrary detentions reported. HRW, Venezuela: Violent Response to Demonstrators: Reports of Killings, Detentions, Media Shutdowns, May 3, 2019.

[13] David Smilde and Geoff Ramsey, *International Peacemaking in Venezuela's Intractable Conflict,* Fundación Carolina, 2020; International Crisis Group, *Peace in Venezuela: Is There Life after the Barbados Talks?*, Briefing No. 41, December 11, 2019.

[14] The White House, "Statement from the Press Secretary on the Visit of Interim President Juan Guaidó of Bolivarian Republic of Venezuela," February 5, 2020.

enforcement of a national quarantine has limited Guaidó's ability to publicly protest and organize. In part because of the pandemic, nascent progress that Guaidó's supporters had made in negotiating the formation of a new CNE with PSUV members of the National Assembly stalled.[15] Guaidó was widely criticized in Venezuela after reports emerged that he may have condoned a plan that resulted in a botched armed amphibious raid against Maduro launched from Colombia in early May 2020 by U.S. mercenaries (who have been sentenced in Venezuela) and former Venezuelan soldiers.[16]

In 2020, Maduro has sought to secure parliamentary support in the National Assembly by convening new elections. However, many observers are concerned that current circumstances do not meet international standards for free and fair elections. In January 2020, Maduro convinced, possibly after providing bribes, opposition legislators from small parties to vote with PSUV legislators to install Luis Parra as head of the National Assembly, even though they lacked a quorum—a move that prompted additional U.S. sanctions. In May, capitalizing on Guaidó's fading popularity, the Maduro-aligned Supreme Court recognized Parra as the president of the National Assembly. On June 5, the Supreme Court ruled that, since efforts to select a new CNE had stalled in the National Assembly, it would name new CNE rectors. After naming a new CNE, the Supreme Court disbanded the leadership of three major opposition parties and named new leaders for each. The CNE scheduled elections for December 6, 2020, but 27 opposition parties plan to boycott.[17] Guaidó risks losing his legitimacy as Interim President in January 2021, when his term as president of the National Assembly ends. (For prospects, see "Outlook," below.)

Human Rights

Human rights organizations and U.S. officials have expressed concerns for more than a decade about the deterioration of democratic institutions and threats to freedom of speech and press in Venezuela. Human rights conditions in Venezuela have deteriorated even more under President Maduro than under former President Chávez.[18] Abuses have increased, as security forces and allied armed civilian militias (*colectivos*) have been deployed to violently quash protests. In August 2017, the U.N. Office of the High Commissioner for Human Rights (OHCHR) issued a report on human rights violations by Venezuelan security forces against protestors.[19] In June 2018, OHCHR issued another report documenting abuses committed by units involved in crime

[15] David Smilde and Dimitris Pantoulas, "Venezuela Weekly: State and Society Respond to Coronavirus," March 19, 2020, and "Venezuela Weekly: TSJ Ruling Further Complicates Electoral Agreement," May 27, 2020, Venezuelan Politics and Human Rights, Washington Office on Latin America (WOLA).

[16] According to press reports, two aides to Guaidó resigned May 11 after admitting that they had signed a preliminary agreement in October 2019 with a Florida-based U.S. security firm, Silvercorp USA, owned by Jordan Goudreau, who reportedly organized the armed incursion. The aides maintained that conversations with the company ended in November 2019 when they deemed Goudreau unreliable. Anthony Faiola, Karen DeYoung, and Ana Vanessa Herrero, "Inside 'Plan C': The Rogue Operation to capture Venezuela's Nicolás Maduro," *Washington Post*, May 7, 2020; Gideon Long, "Aides to Venezuela's Guaidó Quit Over Plan to Topple Maduro," *Financial Times*, May 11, 2020. CRS cannot independently verify these press reports.

[17] "Venezuela: Opposition Parties Confirm Electoral Boycott," *Latin News Daily*, August 3, 2020.

[18] According to Freedom House, Venezuela fell from "partly free" under Chávez to "not free" under Maduro. Freedom House, Freedom in the World: 2020.

[19] OHCHR, *Human Rights Violations and Abuses in the Context of Protests in the Bolivarian Republic of Venezuela from 1 April to 31 July 2017*, August 30, 2017.

fighting, the scale of the health and food crisis, and the continued impunity in cases involving security officers who allegedly killed people during the protests.[20]

Venezuela has among the highest homicide and crime victimization rates in Latin America and the Caribbean, the region with the highest homicide rates in the world. According to the Venezuelan Violence Observatory, the homicide rate in Venezuela declined in 2019 (60.3 homicides per 100,000 people) as compared with a rate of 81.4 per 100,000 people in 2018, with part of that decline attributed to the territorial control that crime groups have over some areas.[21] Security forces also have adopted militarized approaches to public security that have resulted in extrajudicial killings and other serious human rights abuses.[22] In November 2019, a Reuters investigation of the Special Action Force of Venezuela's National Police documented 20 killings by the force, which has been accused of hundreds of such killings.[23]

In June 2019, U.N. High Commissioner for Human Rights Michelle Bachelet visited Venezuela. In July 2019, her office issued a report documenting a range of significant human rights abuses perpetrated by the Maduro government, including evidence that security forces committed some 6,800 extrajudicial killings from January 2018 to May 2019.[24] The report details how intelligence agencies have arrested and tortured those perceived as threats, including military officers and opposition politicians. It asserts that the Maduro government "is violating its obligations to ensure the rights to food and health,"[25] particularly those of "indigenous peoples."[26]

Recent human rights reports include the following:

- In October 2019, an International Labour Organization (ILO) Commission of Inquiry published findings citing violations of several ILO conventions by the Maduro government. The report documented the murders of more than 30 trade unionists from 2015 to 2018, physical attacks on trade unionists that remained in impunity, and the detention and subjection of unionists to military tribunals.[27]
- In March 2020, the U.S. State Department's *Country Report on Human Rights Practices for 2019* cited "extrajudicial killings by security forces, including *colectivos*; torture by security forces; [and] harsh and life-threatening prison conditions;" as among the most serious human rights abuses in Venezuela. A new issue cited was the "intimidation, harassment, and abuse" of legislators.[28]

---

[20] OHCHR, *Venezuela: Continued Impunity amid Dismal Human Rights Situation*, June 22, 2018.

[21] Reuters, "Venezuela Murder Rate Dips, Partly Due to Migration: Monitoring Group," December 27, 2018.

[22] Amnesty International, *This Is No Way to Live: Public Security and Right to Life in Venezuela*, September 20, 2018; Human Rights Watch, *Venezuela: Extrajudicial Killings in Poor Areas*, September 18, 2019.

[23] Sarah Kinosian and Angus Berwick, "Elite Police Force Spreads Terror in the Barrios of Venezuela," Reuters, November 13, 2019; Kinosian and Berwick, "Convicted Criminals Are Among the Special Police Force Terrorizing Venezuela," Reuters, February 19, 2020.

[24] OHCHR, *Report of the United Nations High Commissioner for Human Rights on the Situation of Human Rights in Bolivarian Republic of Venezuela*, Annual Report no. A/HRC/41/18, July 5, 2019.

[25] OHCHR, "UN Human Rights Report on Venezuela Urges Immediate Measures to Halt and Remedy Grave Rights Violations," press release, July 4, 2019.

[26] OHCHR Venezuela Human Rights Report, 2019.

[27] ILO, *For National Reconciliation and Social Justice in the Bolivarian Republic of Venezuela: Report of the Commission of Inquiry Appointed Under Article 26 of the Constitution of the ILO*, October 2019.

[28] U.S. Department of State, *2019 Country Reports on Human Rights Practices: Venezuela*, March 11, 2020.

- In July 2020, the OHCHR issued two reports on Venezuela.[29] The first report provided an updated assessment on the human rights situation in the country, including evidence that security forces committed some 1,300 extrajudicial killings from January to May 2020. The second report documented labor exploitation and other serious human rights abuses committed by criminal groups in Venezuela's mining regions.

Analysts predict repression will continue in Venezuela as Maduro seeks to win control of the National Assembly. According to Foro Penal, there were an estimated 386 political prisoners in Venezuela as of August 24, 2020, with the number staying relatively stable as some political detainees are released (but still under surveillance) while others are arrested.[30] Maduro's intelligence police are currently holding five legislators, Guaidó's chief of staff, and a prominent labor activist. The Supreme Court has stripped many lawmakers' immunity from prosecution, and dozens of legislators have been detained and subsequently monitored by the Maduro government, are in exile, or have sought refuge in a foreign embassy (including Leopoldo López). Security forces have detained doctors and journalists critical of the government's COVID-19 response, as well as returning migrants suspected of having COVID-19 (see "Coronavirus Disease 2019."[31]

In addition, other prisoners have been arbitrarily detained for crimes such as corruption, including six former Citgo executives, five of whom have dual U.S. citizenship, and one U.S. legal permanent resident imprisoned since 2017. Two of those individuals were released to house arrest in July 2020 after former U.S. Ambassador to the U.N. Bill Richardson met with Maduro on their behalf. Despite Richardson's effort, two Americans detained in May for participating in a botched raid against Maduro have been sentenced to 20 years in prison.[32]

For other sources on human rights in Venezuela, see **Appendix B**.

Investigations into Human Rights Abuses. In September 2017, several countries urged the U.N. Human Rights Council to support the High Commissioner's call for an international investigation into the abuses described in the August 2017 U.N. report on Venezuela. In June 2018, the High Commissioner for Human Rights urged the U.N. Human Rights Council to launch a commission of inquiry to investigate the abuses it documented in that and a follow-up report. It referred the report to the prosecutor of the International Criminal Court (ICC). In September 2018, the U.N. Human Rights Council adopted a resolution on Venezuela expressing "its deepest concern" about the serious human rights violations described in the June 2018 report, calling upon the government to accept humanitarian assistance, and requiring an OHCHR investigation on the situation in Venezuela. In September 2019, the Human Rights Council passed a resolution condemning human rights abuses by the Maduro government and establishing an independent fact-finding mission in Venezuela with a mandate for one year. Human rights groups praised this development and are pushing for the Human Rights Council to extend the mission's mandate at

[29] OHCHR, *Report of the United Nations High Commissioner for Human Rights on the Situation of Human Rights in Bolivarian Republic of Venezuela*, Annual Report no. A/HRC/44/20, July 2, 2020; OHCHR, *Independence of the Justice System and Access to Justice in the Bolivarian Republic of Venezuela*, July 15, 2020.

[30] For more information, see Foro Penal, https://foropenal.com/presos-politicos/. For analysis on how the Maduro government has relied on cycles of repression to maintain its grip on power, see Alfredo Romero, *The Repression Clock: A Strategy Behind Autocratic Regimes*, Woodrow Wilson Report on the Americas, #40, August 2020.

[31] Anatoly Kurmanaev, Isayen Herrera and Sheyla Urdaneta, "Venezuela Deploys Security Forces in Coronavirus Crackdown," *New York Times*, August 19, 2020.

[32] "2 Ex-Green Berets Sentenced to 20 Years for Venezuela Attack," AP, August 8, 2020.

their September 2020 meeting.[33] Venezuela's October 2019 election to a three-year seat on the Human Rights Council, which began in January 2020, may undermine support for the mission.

In addition to the OHCHR, former Venezuelan officials, the Organization of American States (OAS), and neighboring countries have asked the ICC to investigate serious human rights violations committed by the Maduro government. The ICC prosecutor opened a preliminary investigation in February 2018.

Economic Crisis[34]

For decades, Venezuela was one of South America's most prosperous countries. Venezuela has the world's largest proven reserves of oil, and its economy is built on oil. (See also "Petroleum Sector Concerns and U.S. Economic Sanctions" below.) Oil traditionally has accounted for more than 90% of Venezuelan exports, and oil sales have funded the government budget. Venezuela benefited from the boom in oil prices during the 2000s. President Chávez used the oil windfall to spend heavily on social programs and expand subsidies for food and energy. Government debt more than doubled as a share of gross domestic product (GDP) between 2000 and 2012.[35] Chávez also used oil to expand influence abroad through *PetroCaribe*, a program that allowed Caribbean Basin countries to purchase subsidized oil.

Although substantial government outlays on social programs helped Chávez curry political favor and reduce poverty, economic mismanagement had long-term consequences. Chávez moved the economy in a less market-oriented direction, with widespread expropriations and nationalizations, as well as currency and price controls. These policies discouraged foreign investment and created market distortions. Government spending was not directed toward investment to increase economic productivity or diversify the economy from its reliance on oil. Corruption proliferated.

When Nicolás Maduro took office as President in 2013, he inherited economic policies reliant on proceeds from oil exports. When world oil prices crashed by nearly 50% in 2014, the Maduro government was ill-equipped to respond and a years-long economic crisis has unfolded. Economic mismanagement and U.S. sanctions targeting Venezuela's oil sector also likely contributed to a fall in oil production, such that even as global oil prices rebounded, Venezuela's economy did not recover. Additional U.S. sanctions targeting the government, central bank, and gold sectors, as well as limiting Venezuela's access to the U.S. financial system, likely exacerbated economic pressures in Venezuela.

The extent of Venezuela's economic collapse is difficult to overstate. It is estimated to be the single largest economic collapse outside of war in at least 45 years and more than twice the magnitude of the Great Depression in the United States.[36] Between 2014 and 2019, Venezuela's economy contracted by 66% (see **Figure 2**).[37] Imports—which Venezuela relies on for most consumer goods—have fallen by 80%. Government deficits have averaged over 20% of GDP

[33] Amnesty International, "Venezuela: Human Rights Organizations Call on UN Human Rights Council to Extend and Strengthen Fact-Finding Mission," August 17, 2020.

[34] This section was authored by Rebecca M. Nelson, Specialist in International Trade and Finance. For more information, see CRS Report R45072, *Venezuela's Economic Crisis: Issues for Congress*, by Rebecca M. Nelson.

[35] *Economist*, "How Chávez and Maduro Have Impoverished Venezuela," April 6, 2017.

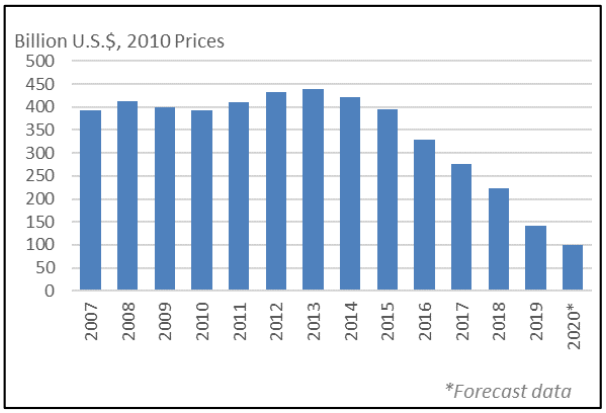
[36] Anatoly Kurmanaev, "Venezuela's Collapse Is the Worst Outside of War in Decades, Economists Say," *New York Times*, May 17, 2019; Michael Stott, "Venezuela: The Political Stand-off Fueling an Economic Collapse," *Financial Times*, August 4, 2019.

[37] Real GDP (in 2010 U.S. dollars). Economist Intelligence Unit (EIU), *Country Report: Venezuela*, Accessed August 5, 2020.

annually. The government's reliance on the creation of money to finance government deficits (monetization of the deficit) led to hyperinflation, with consumer prices increasing more than 17,000% in 2019, depleting the value of citizens' salaries and savings. Hyperinflation, in turn, led to a collapse in the value of its currency, the *bolívar*, and created shortages of foreign currency, particularly U.S. dollars. Combined with shortages of critical food and medicine, as well as the COVID-19 pandemic, the country's ongoing humanitarian crisis has further deteriorated (see "Humanitarian Situation and Response," below).

The government, which borrowed heavily during the boom years of the 2000s, has defaulted on all its bonds, although it continues to repay its debts to China and Russia, its main financial backers. Venezuela faces numerous legal challenges from private creditors and firms seeking to seize Venezuelan assets. The Department of the Treasury took steps in 2019 to shield Citgo, a U.S.-based subsidiary of PdVSA and Venezuela's most valuable asset, from seizure in legal challenges against Venezuela to preserve the asset for the interim government if it takes power.

Figure 2. Venezuela's Gross Domestic Product



Source: Economist Intelligence Unit.

Maduro Government Policy Responses

The Maduro government was initially slow to address the economic crisis or acknowledge the government's role in creating it. Instead, it has largely blamed the country's struggles on a foreign "economic war," a reference to U.S. sanctions.[38] Piecemeal efforts to address the crisis, including price controls and the creation of a new digital currency, the petro, were ineffective. Price controls contributed to shortages and the proliferation of black markets.

In August 2018, the government acknowledged for the first time its role in creating hyperinflation and announced new policies for addressing the economic crisis, such as introducing a new "sovereign *bolívar*," which removed five zeros from the *bolívar*; cutting the government budget deficit to zero; speeding up tax collection; and increasing the minimum salary by more than 3,000%.[39] The government did not implement many of these policies, including eliminating the budget deficit. The Maduro government also offered to pay foreign suppliers and contracts in Chinese yuan to circumvent U.S. sanctions, and it turned to the Andean Development Corporation, a Latin American development bank, and the U.N. to finance electricity projects.[40]

[38] Rachelle Krygier, "After Years of Crisis, Venezuela's Maduro Might Finally Be Ready to Accept Some Help," *Washington Post*, December 12, 2018.

[39] "Nicolas Maduro Tries to Rescue Venezuela's Economy," Economist, August 23, 2018.

[40] "Facing U.S. Sanctions, Venezuela Offers Suppliers Payment in Chinese Yuan," Reuters, November 28, 2019; "U.N., Lender CAF Seek $350 Million Loan Deal for Government of Venezuela's Maduro," Reuters, December 4, 2019.

In early 2020, Venezuelan business owners reported that the Maduro government was allowing some free market reforms as a way to support economic activity, including the country's first initial public offering in more than a decade, even as it stepped up enforcement of price controls and pressured businesses to accept the new digital currency.[41] Venezuelan consumers and businesses increasingly use U.S. dollars for day-to-day transactions, including the recipients of about $4 billion in annual remittances from relatives abroad.[42] The Maduro government worked with its allies to mitigate the impact of U.S. sanctions; for example, by early 2020, Russia was handling more than two-thirds of Venezuela's crude oil, and the United Arab Emirates imported around $1 billion in gold from Venezuela since sanctions targeting Venezuela's gold sector were imposed in late 2018.[43] Some of the reforms led to an uptick in economic activity in Caracas, but the provinces continued to struggle with water shortages and malnutrition.[44]

New Economic Challenges in 2020

Venezuela faced two new economic pressures in the spring of 2020: the COVID-19 pandemic and oil price wars. The government and economy were ill-prepared to address the health or economic effects of COVID-19. Social distancing mandates disrupted economic activities, even as they are difficult for Venezuelans to obey; the majority of people must work in crowded, informal sector jobs in order to survive. Simultaneously, an oil price war between Russia and Saudi Arabia caused global oil prices to drop. Even with U.S. sanctions targeting Venezuela's oil sector, oil is a critical source of revenue and foreign currency. Some estimates predict that, due to the drop in oil prices, the Maduro government will have less than half the funds it managed last year.[45] As of August 2020, the Economist Intelligence Unit forecasts Venezuela's economy will contract by 30% in 2020.[46]

Since March 2020, the Maduro government has taken a number of policy actions to address the new economic challenges. It reimposed price controls on many basic food items; increased gas prices for the first time in two decades; and lifted long-standing bans on gold, diamond, and mining bans in rivers in the Amazon (where mining was already occurring illegally). To raise resources, the Maduro government approached the International Monetary Fund (IMF) for a $5 billion emergency loan but was rebuffed due to disagreements among IMF members over the legitimate leader of Venezuela. The Maduro government also requested that $1 billion of its gold holdings at the Bank of England (the United Kingdom's central bank) be transferred to the U.N. Development Programme to fund humanitarian responses to COVID-19. UK courts ruled against the monetary transfer, because the UK does not recognize Maduro as the legitimate leader of Venezuela. The Maduro government is currently appealing the decision in the UK legal system.

[41] Ryan Duge, Juan Forero, and Kejal Vyas, "Venezuela Tries Looser Grip on Economy," *Wall Street Journal*, January 31, 2020; Mary Anastasia O'Grady, "Venezuela Puts the Crypt in Cryptocurrency," *Wall Street Journal*, February 3, 2020.

[42] Ryan Dube, Juan Forero and Kejal Vyas, "Maduro Gives Economy a Freer Hand to Keep His Grip on Venezuela," *Wall Street Journal*, January 30, 2020.

[43] Jessica Donati, Andrew Restuccia, and Ian Talley, "Trump's Venezuela Problem: Russia –Putin's Regime Helped Maduro Keep a Grip on Power, Despite U.S. Efforts to Oust Him," *Wall Street Journal*, January 28, 2020.

[44] Anatoly Kurmanaev and Isayen Herrera, "Venezuela's Capital is Booming. Is this the End of the Revolution?," *New York Times*, February 1, 2020.

[45] Corina Pons and Mayela Arms, "Venezuela's Financial Crisis Exacerbated by Oil price War, Coronavirus," Reuters, April 3, 2020.

[46] EIU, *Country Report: Venezuela*, Accessed August 5, 2020.

Venezuela's economic outlook is bleak, with no clear or quick resolution on the horizon in the absence of a resolution to the concurrent political crisis. The Maduro government appears loathe to adopt policies widely viewed by economists as necessary to restoring the economy: removing price controls, creating an independent central bank, entering an IMF program that could unlock broader international assistance, and restructuring its debt with private bondholders. Some analysts believe major change in Venezuela's overall economic strategy will come only if and when there is a change in government.

Citgo's Uncertain Future: Multiple Creditors, Legal Claims, and New Management

Citgo, a U.S.-based subsidiary of Petróleos de Venezuela, S.A. (PdVSA), owns and operates oil refineries in Texas, Louisiana, and Illinois. The company also owns 48 petroleum product terminals and a pipeline network that delivers these products to various customers. Citgo is arguably one of the most valuable assets in the PdVSA portfolio. In 2016, PdVSA leveraged that value to support new financing. All of Citgo's ownership was pledged as collateral for two separate debt issuances: bonds sold to private creditors and a loan from Rosneft. Additionally, companies that have sued Venezuela—such as Crystallex—for expropriation actions have been awarded legal judgments that include taking possession of and liquidating Citgo assets.[47] Furthermore, the U.S.-recognized Guaidó government appointed a new board of directors in February 2019 to manage Citgo, thereby removing Maduro's PdVSA from management decision-making of the U.S.-based company. Some of the financial and legal challenges facing Citgo include:

PdVSA 2020 Bonds (50.1% of Citgo as collateral): PdVSA issued bonds totaling approximately $3.4 billion in October 2016 to various creditors. A majority ownership stake in Citgo was pledged as collateral for the bonds, and the creditors could have legal claim to the company should the bonds enter into default. An interest payment for the bonds came due in April 2019.[48] The payment was missed, but there was a 30-day grace period for the missed interest payment. The Maduro-controlled PdVSA—the original bond issuer—is prevented from making bond payments due to U.S. sanctions. However, a PdVSA board appointed by Guaidó voted to pay the $71 million interest payment, thus preserving Citgo ownership in the event that the opposition takes control of the Venezuela government. On October 24, 2019, the Department of the Treasury's Office of Foreign Assets Control (OFAC) modified General License #5 regarding the PdVSA 2020 bonds to prevent bondholders from being able to collect on their collateral (shares of Citgo) until January 22, 2020 even if those bonds should enter into default. The interim government did not make a $913 million payment due on October 28, 2019, thus triggering a default on those bonds. Legal advisors for the interim government filed a lawsuit against holders of those bonds, arguing that the debt be declared "null" as it was never approved by the National Assembly as per Venezuelan law and is therefore illegal. In November 2019, the interim government reached a deal with bondholders to prevent them from seizing Citgo until May 2020. OFAC subsequently extended the shield for Citgo through October 20, 2020.

Rosneft Loan to PdVSA (49.9% of Citgo as collateral): PdVSA pledged 49.9% of Citgo ownership as collateral for a $1.5 billion loan from Russian oil company Rosneft that was issued in December 2016.[49] The potential for a Russian company to own a significant portion of the U.S.-based Citgo operation has been noted by Members of Congress as a potential national security concern. In the 116th Congress, the House passed H.R. 1477 in March 2019; Section 4 would require an assessment of the national security risks posed by potential Russian acquisition of Citgo's U.S. energy infrastructure holdings. S. 1025, enacted in December 2019 as part of P.L. 116-94, includes Section 163, which express concerns about Citgo ownership pledged as collateral for the Rosneft loan and requires the President to submit a report about the potential national security risks posed by Rosneft taking control of U.S. energy infrastructure. During a 2017 Senate Foreign Relations Hearing, Treasury Secretary Mnuchin said that any transaction involving Rosneft and Citgo would be reviewed by the Committee on Foreign Investment in the United States.[50]

Crystallex Legal Judgment ($1.2 billion judgment against PDV Holding, Citgo's parent company): In 2018, a U.S. district court ruled that Canada-based Crystallex could take shares of PDV Holding, the U.S.-based parent

[47] Other arbitration awards have been made to companies such as Conoco for their expropriation in 2007 and Canada's Rusoro Mining, whose gold projects were seized by the government of Venezuela in 2011. However, the Crystallex award and judgment allows the company to seize and liquidate Citgo shares as a means of collecting the award.

[48] Reuters, "Investors Await Payment Decision as PDVSA 2020 Coupon Looms," April 24, 2019.

[49] "Venezuela's PDVSA Uses 49.9 Percent Citgo Stake as Loan Collateral," Reuters, December 23, 2016.

[50] U.S. Congress, Senate Committee on Banking, Housing, and Urban Affairs, *Testimony from the Secretary of the United States Department of the Treasury on Domestic and International Policy Issues*, 115th Cong., 1st sess., May 18, 2017.

company of Citgo, as a means of collecting a $1.2 billion arbitration award made to Crystallex. The award stems from Venezuela's seizure of the Canadian miners' assets in 2011. Crystallex has indicated its intent to take ownership of Citgo shares and sell them for cash as a means of collecting the arbitration award. Advisers to Guaidó have argued that sanctions prevent Crystallex from seizing shares in Citgo, and a waiver from OFAC would be required. In November 2019, OFAC restricted the ability of claimants from seizing Venezuela's U.S. assets without specific authorization, providing protections to Citgo. This dispute is ongoing.

U.S. Defense Contractor: U.S. defense contractor Huntington Ingalls Industries, Inc. is seeking compensation over nonpayment for repairs to two of Venezuela's warships, which began decades ago, before U.S.-Venezuelan relations grew hostile under President Chàvez.[51] The contractor is pursuing compensation in the form of Citgo shares to enforce a $138 million judgment for the nonpayment.

Humanitarian Situation and Response[52]

Even before the COVID-19 pandemic, Venezuelans were facing a humanitarian crisis due to a lack of food, medicine and health, and access to social services. Political persecution, hyperinflation, loss of income, and oppressive poverty also contributed to a dire situation. According to household surveys, the percentage of Venezuelans living in poverty increased from 48.4% in 2014 to 96% in 2019 (80% in extreme poverty).[53] Millions require humanitarian assistance, with pregnant and nursing women, those with chronic illnesses, indigenous people, migrants, children under five, and people with disabilities particularly in need.[54]

In February 2020, the U.N. World Food Program (WFP) released an assessment showing that as of mid-2019, more than 9.3 million Venezuelans were food insecure, of which 7 million people (24.4% of the population) were moderately food insecure and 2.3 million people (7.9% of the population) were severely food insecure.[55] Many Venezuelans reported that the price of food presented more of an obstacle than the availability of food. The WFP assessment also found that 25% of households surveyed did not have reliable access to potable water and reported interruptions in electrical service and gas supplies.

Successive electrical blackouts in 2019 made conditions worse in Venezuela, limiting people's access to power and clean water and further contributing to health risks. The International Federation of Red Cross and Red Crescent Societies reported that these power outages contributed to the collapse of the health system, particularly for emergency services and equipment, such as dialysis machines.[56] Well before COVID-19, overall health indicators, particularly infant and maternal mortality rates, had worsened. Previously eradicated diseases such as diphtheria and measles had also become a major concern.[57]

[51] "U.S. Defense Firm Joins Creditors Seeking to Enforce Venezuela Judgments," Reuters, August 1, 2020.

[52] Written by Rhoda Margesson, Specialist in International Humanitarian Policy. For background, see CRS In Focus IF11029, *The Venezuela Regional Migration Crisis*, by Rhoda Margesson and Clare Ribando Seelke.

[53] Universidad Católica Andrés Bello, *Encuesta Sobre Condiciones de Vida: Venezuela 2019-2020: Avance de Resultados*, July 2020.

[54] U.N. Office for the Coordination of Humanitarian Affairs (UNOCHA), "Venezuela: Humanitarian Response Aims to Assist 4.5 Million People in 2020," August 3, 2020.

[55] World Food Program (WFP), "Venezuela Food Security Assessment: Main Findings," February 23, 2020.

[56] International Federation of Red Cross and Red Crescent Societies (IFRC), "Venezuela: Health Emergency – Six-month Update, October 23, 2019.

[57] In November 2019, a yellow fever case was confirmed inside Venezuela, the first since 2005. UNOCHA, *Venezuela Humanitarian Response*, Situation Report No. 6, November 2019. Human Rights Watch and John Hopkins School of Public Health, *Venezuela's Humanitarian Emergency: Large-Scale UN Response Needed to Address Health and Food Crises*, April 2019.

Displacement

As of August 2020, U.N. agencies estimated that more than 5.1 million Venezuelans had fled the country. Roughly 4.3 million (about 85%) of the migrants were hosted in Latin American and Caribbean countries (see **Figure 3**), including in Colombia (more than 1.8 million), Peru (829,708), Chile (455,494), Ecuador (362,857), Argentina (179,069), Brazil (264,617), and Panama (121,123).[58] The displacement crisis has affected the entire region as neighboring countries, particularly Colombia, strain to absorb arrivals often malnourished and in poor health. Although the U.N. High Commissioner for Refugees (UNHCR) does not consider most Venezuelans to be refugees, it asserts that a significant number need humanitarian assistance, international protection, and opportunities to regularize their status. Prior to the onset of COVID-19, UNHCR and the International Organization for Migration (IOM) estimated that by the end of 2020, the number of Venezuelan refugees and migrants could reach over 5.5 million.[59] Border closures, quarantine orders, and other limitations on movement now in place due to the virus will likely affect the overall displacement number.

Figure 3. Venezuelan Migrants and Asylum Seekers: Flows to the Region and Beyond

Source: U.N. High Commissioner for Refugees.

Venezuela's exodus has become an unprecedented displacement crisis for the Western Hemisphere, which has in place some of the highest protection standards in the world for displaced and vulnerable persons. The 17 countries in the region have been under pressure to examine their respective migration and asylum policies and to address, as a region, the legal status of Venezuelans who have fled their country. More than 2.5 million (roughly 50%) Venezuelans in neighboring countries lacked identification documents, making them vulnerable to exploitation.[60]

Coronavirus Disease 2019

The COVID-19 pandemic emerged in Venezuela in mid-March 2020. It has added a complicated layer to the country's humanitarian crisis. In general, vulnerable, displaced populations live in conditions that make them particularly susceptible to COVID-19 and present significant challenges to response and containment.[61] The Pan American Health Organization and the U.N.

[58] U.N. Coordination Platform for Refugees and Migrants from Venezuela, Response for Venezuelans (RV4), *Refugee and Migrant Response Plan 2020: January – December 2020*, December 2019.

[59] Ibid.

[60] The Venezuelan government has made it difficult for Venezuelans to obtain a valid passport and therefore legal status outside the country. U.N. Coordination Platform for Refugees and Migrants from Venezuela, Response for Venezuelans (RV4), "Refugee and Migrant Response Plan 2020," as of July 5, 2020

[61] Jacob Kurtzer, "The Impact of COVID-19 on Humanitarian Crises," CSIS: Critical Questions, March 19, 2020; Colum Lynch and Robbie Gramer, "The Next Wave: U.N. and Relief Agencies Warn the Coronavirus Pandemic Could Leave an Even Bigger Path of Destruction in the World's Most Vulnerable and Conflict-Riven Countries," *Foreign Policy*, March 23, 2020; Høvring Roald, "Ten Things You Should Know About Coronavirus and Refugees,"

Children's Fund have led the international COVID-19 response in Venezuela, prioritizing capacity-building support for hospitals as well as health, water and sanitation interventions for vulnerable populations.[62] In neighboring countries, UNHCR and IOM have sought to address the immediate public health needs of refugees and migrants as well as the displaced prompted by the virus.[63] The United Nations and its partners have been trying to reduce the spread of COVID-19 through new and existing programs, including health, water sanitation and hygiene support; provision of medical supplies; and information and awareness campaigns.[64]

In neighboring countries, COVID-19 prevention measures that restrict movement, such as physical distancing, quarantine orders, and border closures, have not only disrupted the informal economy, cross-border economic activity, and remittances but also made it difficult for Venezuelans to meet their basic needs. Reportedly, as of August 2020, as many as 95,000 Venezuelans may have attempted to return to Venezuela, particularly from Colombia, as loss of livelihoods and economic decline followed the pandemic.[65] Venezuelan returnees, a new population of concern within the humanitarian response, have presented challenges on both sides of the border, particularly absent the establishment of a formal returns process. Many Venezuelans apparently have used informal border crossings, which present protection risks due to the presence of armed groups.[66]

Venezuelan returnees, arriving primarily along borders Venezuela shares with Brazil and Colombia, are supposed to quarantine in temporary shelters for 14 days. Although some critical assistance is provided (including health screenings, access to water and sanitation facilities, and food kits) at points of entry, relief agencies have expressed concern about Venezuela's capacity and willingness to ensure sufficient quarantine and health safety in the reintegration of returnees.[67] Abuses of returning migrants by security forces have been reported.[68]

International Humanitarian Response in Venezuela

Although in 2018 the Maduro government rejected large amounts of humanitarian assistance, beginning in 2019, it permitted U.N. humanitarian entities and partners to increase their humanitarian and protection activities. The U.N. Office for the Coordination of Humanitarian Affairs (UNOCHA) set up its coordination structure, including regional hubs in the country. The Cooperation and Assistance Coordination Team, led by the U.N. resident coordinator, was established in February 2019 to facilitate humanitarian coordination. As of August 2020, the humanitarian space had expanded to 129 operational actors implementing 234 projects.[69]

A needs overview for Venezuela completed in March 2019 indicated significant humanitarian requirements across sectors that affected an estimated 7 million people. In July 2019, this

Norwegian Refugee Council, March 16, 2020.

[62] UNOCHA, *Humanitarian Response Plan with Humanitarian Needs Overview: Venezuela*, July 2020.

[63] U.N. High Commissioner for Refugees (UNHCR), "U.N. Refugee Agency Steps Up COVID-19 Preparedness, Prevention, and Response Measures," March 10, 2020.

[64] UNOCHA, "Venezuela: Humanitarians Rapidly Scale Up Response to the COVID-19 Pandemic," June 7, 2020.

[65] UNHCR, "The Refugee Brief," July 17, 2020; Anatoly Kurmanaev, Isayen Herrera, and Sheyla Urdaneta, "Venezuela Deploys Security Forces in Coronavirus Crackdown," *New York Times*, August 19, 2020.

[66] USAID, "Venezuela Regional Crisis," Fact Sheet #2, FY2020, May 20, 2020.

[67] USAID, "Venezuela Regional Crisis," Fact Sheet #2, FY2020, May 20, 2020.

[68] Anatoly Kurmanaev, Isayen Herrera, and Sheyla Urdaneta, "Venezuela Deploys Security Forces in Coronavirus Crackdown," *New York Times*, August 19, 2020.

[69] UNOCHA, "Venezuela: Humanitarian Response Aims to Assist 4.5 Million People in 2020," August 3, 2020.

assessment resulted in the development of the first Humanitarian Response Plan (HRP) for Venezuela and the launch of an appeal for $223 million.[70] The HRP is a collective effort by UNOCHA and implementing partners to coordinate and scale up a response for the most vulnerable people across the country, with assistance in the areas of health, water, sanitation and hygiene, food security, nutrition, protection, shelter and non-food items, and education.[71] The 2020 HRP appeals for $762.5 million, of which $674.6 million is for adjusted humanitarian requirements and $87.9 million is for the COVID-19 response.[72] The 2020 HRP builds on the 2019 activities, incorporates the response to the health and socioeconomic impacts of the COVID-19 pandemic, and targets assistance for 4.5 million of the country's most vulnerable people.[73]

In addition to adjustments made for COVID-19, ongoing operational challenges have included broad information gaps on humanitarian needs; lack of funding; limited capacity for response; and bureaucratic impediments, such as the indefinite suspension of nongovernmental organization registration. Fuel shortages, power outages, telecommunications problems, intermittent access to water, and security concerns, mostly along the border and in remote areas, have continued to impact humanitarian access and partners' delivery of assistance.

Beginning in 2019, the International Federation of Red Cross and Red Crescent Societies also scaled up humanitarian activities inside Venezuela, in coordination with the Venezuelan Red Cross and with the agreement of both the interim government and Maduro.[74] The activities of the Red Cross Movement have focused on different levels of health care within the Venezuelan public health system, access to health care services, and the needs of the most vulnerable populations.[75] With the onset of COVID-19, the International Committee of the Red Cross and the Venezuelan Red Cross also have focused on health care workers throughout the country by distributing medical supplies, renovating and installing handwashing stations in medical centers, and providing training on preventive measures.[76]

International Humanitarian Response in the Region

The U.N. Secretary-General appointed UNHCR and IOM to coordinate the international response to the needs of displaced Venezuelans and host communities in the region, which includes governments, U.N. entities, nongovernmental organizations (national and international), the Red Cross Movement, faith-based organizations, and civil society. The Regional Interagency Coordination Platform provides a common humanitarian framework for assistance. The U.S.

[70] By the end of December 2019, a total of $184 million had been received to support humanitarian activities inside and outside the appeal. The appeal received $55.5 million (24.9% of $223 million). See UNOCHA, *2020 Global Humanitarian Overview*, December 2019.

[71] UNOCHA, *Venezuela: Humanitarian Response Plan – July – December 2019*, July 2019; see also UNOCHA, *Venezuela—UN Humanitarian Scale-Up Situation Report, January-April 2019*, May 2019.

[72] UNOCHA, *Global Humanitarian Response Plan COVID-19, United Nations Coordinated Appeal, April – December 2020*, GHRP July Update, July 2020.

[73] By the end of 2019, UNOCHA had requested $750 million for humanitarian efforts in Venezuela. UNOCHA, *2020 Global Humanitarian Overview*, December 2019.

[74] IFRC, "IFRC to Bring Humanitarian Aid into Venezuela," March 29, 2019, at https://media.ifrc.org/ifrc/press-release/ifrc-bring-humanitarian-aid-venezuela.

[75] International Committee of the Red Cross (ICRC), "Venezuela: Making Access to Health Care a Priority," September 18, 2019.

[76] ICRC, "Venezuela: Helping the Health Care Workers Who Help Us," July 21, 2020.

government also has provided humanitarian assistance and helped to coordinate regional response efforts. (See "U.S. Humanitarian Assistance," below.)

In December 2018, UNHCR and IOM launched the 2019 Regional Refugee and Migrant Response Plan (RMRP), which was the first of its kind in the Americas: an operational and coordination strategy and an appeal for $738 million in funding to support over 2 million Venezuelans in the region and half a million people in host communities.[77] Protection and assistance needs have been significant for arrivals and host communities. Services provided have varied by country but have included support for reception centers and options for shelter; emergency relief items, such as emergency food assistance, safe drinking water, and hygiene supplies; legal assistance with asylum applications and other matters; protection from violence and exploitation; and the creation of temporary work programs and education opportunities. The 2020 RMRP launched in December 2019 appealed for $1.35 billion to build on these activities and reach 4 million of the most vulnerable across 17 countries in Latin America and the Caribbean.[78] As of July 2020, the updated RMRP funding appeal increased to $1.4 billion, of which $968.8 million was for adjusted humanitarian requirements and $438.8 million was for the COVID-19 response.[79]

The Quito Process, a regional coordinating mechanism that has regularly convened countries hosting Venezuelans since 2018, also has helped to harmonize policies among host countries and donors, scale up the humanitarian response, and facilitate the response to refugees and migrants across the region. The International Solidarity Conference on the Venezuelan Refugee and Migrant Crisis held in Brussels, Belgium, on October 28-29, 2019, was cochaired by the European Commission, UNHCR, and IOM. The conference aimed to raise global awareness about the Venezuela regional refugee and migrant crisis, and it focused on the response, particularly by host countries and communities, the need for international support and coordination, and the development of partnerships between public and private sectors.[80] Building on this meeting, on May 26, 2020, donors pledged $2.79 billion at the International Donors Conference in Solidarity with Venezuelan Refugees and Migrants in Latin America and the Caribbean.[81]

International Actors in Venezuela's Crisis

The international community remains divided over how to respond to the crisis in Venezuela. The United States, Canada, most of the member states of the European Union (EU), Australia, Japan,

[77] The plan included U.N. entities, nongovernmental organizations (NGOs), faith-based organizations, and civil society and was in cooperation with the Red Cross Movement. See U.N. Coordination Platform for Response for Venezuelans, *Regional Refugee and Migrant Response Plan for Refugees and Migrants from Venezuela, January-December 2019*, December 14, 2018, which was put together by 95 organizations covering 16 countries. At the end of 2019, this appeal was 51.9% funded. See UNOCHA, *2020 Global Humanitarian Overview*, December 2019.

[78] U.N. Coordination Platform for Refugees and Migrants from Venezuela, Response for Venezuelans (RV4), *Refugee and Migrant Response Plan 2020: January – December 2020*, December 2019.

[79] UNOCHA, *Global Humanitarian Response Plan COVID-19, United Nations Coordinated Appeal, April – December 2020*, GHRP July Update, July 2020.

[80] European Commission (EU), International Organization for Migration (IOM), U.N. High Commissioner for Refugees (UNHCR), "EU, IOM and UNHCR Express Solidarity with Venezuelan Refugees and Migrants," October 29, 2019. Pledges made during the conference totaled approximately 150 million euros ($167 million.) European Commission, "Remarks by High Representative/Vice-President Federica Mogherini at the Press Conference Following the International Solidarity Conference on the Venezuelan Refugee and Migrant Crisis," October 29, 2019.

[81] U.N. News, "U.N. Agencies Welcome Donor Pledges for Venezuelan Refugees and Migrants," May 27, 2020.

Israel, South Korea, and 16 Western Hemisphere countries recognize Juan Guaidó as interim president and support a peaceful transfer of power from Maduro to an elected government. Meanwhile, Russia, China, Cuba, Turkey, Iran, and others support Maduro, his government, and its claim to power. A third group of countries—including Mexico, Norway, Uruguay, and some Caribbean nations—has remained neutral in the crisis. Some observers maintain that divisions among global powers undermined a Norway-facilitated dialogue in 2019. Without pressure from their primary external allies (China and Russia for Maduro, the United States and the EU for Guaidó), those observers maintain that neither side viewed negotiations as the best option.[82]

Canada, Switzerland, and the EU have condemned antidemocratic actions by the Maduro government and issued targeted sanctions against Maduro government officials, with the most recent EU sanctions imposed in June 2020. These countries have not imposed broad economic sanctions as the United States has done. In general, these countries favor a negotiated solution to the crisis and oppose military intervention in Venezuela. Since February 2019, the EU-backed International Contact Group—composed of Argentina, Costa Rica, Ecuador, France, Germany, Italy, the Netherlands, Panama, Portugal, Spain, Sweden, the United Kingdom, and Uruguay—has sought to "establish necessary guarantees for a credible electoral process, within the earliest time frame possible" and to hasten the delivery of humanitarian aid into Venezuela.[83] The EU is pushing for a delay in the December 2020 legislative elections and has refused to monitor those elections under the current circumstances.[84]

The OAS under Secretary-General Luis Almagro has been active on Venezuela, but some member states, including countries in the Caribbean Community, assert that Almagro has sided too strongly with the Guaidó-led opposition. Nevertheless, resolutions have garnered enough votes (19 of 34 member states) to declare Maduro's 2018 reelection illegitimate (June 2018) and to not recognize the legitimacy of his second term (January 2019).[85] In June 2020, the OAS passed a resolution condemning the Maduro-aligned Supreme Court's election-related decisions.[86] Of the OAS members, some 13 countries remain active in the Lima Group, a group that formed in August 2017 to hasten a return to democracy in Venezuela.[87] On August 14, the Lima Group issued a "firm rejection of the illegitimate regime's announcement of the celebration of parliamentary elections without the minimum guarantees."[88] In addition, 11 OAS member states that are states parties to the Inter-American Treaty of Reciprocal Assistance (Rio Treaty) have

[82] Abraham F. Lowenthal and David Smilde, "Venezuela: Is There a Way Out of This Tragic Impasse?," Woodrow Wilson Center, July 2019.

[83] Those "necessary guarantees" include naming a new electoral council, releasing political prisoners, and ending bans on political parties and candidates.

[84] "EU Refuses to Monitor Venezuelan Election, Urges Delay," AP, August 11, 2020.

[85] The Organization of American States (OAS) requires 18 votes to pass a resolution of the Permanent Council. In June 2018, 19 of 34 member states passed a resolution stating that the May 2018 presidential election in Venezuela lacked legitimacy and authorizing countries to take measures, including sanctions, necessary to hasten a return to democracy. In January 2019, the same 19 states approved a resolution that refused to recognize the legitimacy of Maduro's second term; called for new presidential elections; and urged all member states to adopt diplomatic, political, and financial measures to facilitate the restoration of democracy in Venezuela.

[86] OAS, "Permanent Council Rejects "Illegitimate" Action of the Venezuelan Court of Justice," June 27, 2020.

[87] Those countries include Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Honduras, Panama, Paraguay, Peru, St. Lucia, and the Guaidó-led government of Venezuela.

[88] Countries that signed the most recent August 14, 2020, Lima Group statement include Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Honduras, Panama, Paraguay, and Peru. For past statements in English, see https://www.international.gc.ca/world-monde/issues_development-enjeux_developpement/response_conflict-reponse_conflits/crisis-crises/venezuela.aspx?lang=eng.

imposed targeted sanctions and travel bans on Maduro officials.[89] OAS member states generally oppose military intervention in Venezuela.

Russia, China, Cuba, Turkey, Iran, and a few other countries support Maduro. Russia and China have blocked U.S.-led efforts at the U.N. Security Council to recognize the Guaidó government. Russia has supported Venezuela's struggling oil industry, helped Venezuela skirt U.S. oil sanctions, and sent military personnel and equipment, moves that have prompted U.S. condemnation.[90] Russia has both economic and geostrategic interests in Venezuela; it has used Venezuela as a platform from which to spread propaganda and Russia-related media.[91] Some observers maintain that China's interest in Venezuela is primarily economic. Others argue that the Chinese have exported technology to help the Maduro government surveil its citizens, block its critics on social media and elsewhere, and deny food and services to those who do not vote in its favor.[92] Cuba has provided military and intelligence support to the Maduro government in exchange for subsidized oil. Secretary of State Mike Pompeo maintained in 2019 there were some 2,300 Cuban security personnel in Venezuela, involved in providing security for Maduro and training for Venezuela's security forces in "torture tactics, domestic spying techniques, and mechanisms of repression."[93]

The Maduro government's main international financial backers, China and Russia, continue to work with it, though they have not recently provided new financing.[94] Both countries have sent humanitarian aid during the COVID-19 pandemic and sold food, medicines, and other goods in exchange for oil. China recently agreed to permit the Maduro government postpone its repayment of $19 billion in past loans with oil shipments through the end of 2020. Among the other countries that support the Maduro regime, Turkey has purchased large quantities of Venezuelan gold despite U.S. sanctions. Iran has sent tankers of gasoline in exchange for gold despite U.S. sanctions on both countries, provided humanitarian aid, helped rebuild a refinery, and established a supermarket conglomerate in Venezuela. As U.S. sanctions have restricted the Maduro

[89] Within the Western Hemisphere, the United States has supported efforts by the OAS to hasten a return to democracy in Venezuela and worked with OAS allies to invoke the Rio Treaty, enabling signatory countries to ban travel and freeze assets of certain individuals and entities associated with the Maduro government. CRS Insight IN11116, *The Inter-American Treaty of Reciprocal Assistance and the Crisis in Venezuela*, by Peter J. Meyer.

[90] See Vladimir Rouvinski, *Russian-Venezuelan Relations at a Crossroads*, Woodrow Wilson Center, February 5, 2019; V. Rouvinski, *Russia's Continuing Engagement with Venezuela in 2019 and Beyond-An Update*, Woodrow Wilson Center, February 18, 2020. A February 2019 Defense Intelligence Agency report to Congress stated that Russia's defense cooperation with Venezuela focuses on equipment sales, maintenance support, training, naval and air deployments, and probably intelligence cooperation. Russia's March 2019 deployment of military personnel to Venezuela drew strong criticism from President Trump. However, Russia has maintained that its military specialists have traveled to Venezuela to service Russian-made military equipment, most recently in September 2019. "Russian Military Specialists Arrive in Venezuela to Service Equipment," Reuters, September 25, 2019.

[91] U.S. Department of State, *Report to Congress on Threat Assessment of Russian-Venezuelan Security Cooperation* as required by Section 165(b)(2) of the VERDAD Act of 2019, contained within Div. J of P.L. 116-94, February 24, 2020.

[92] Stephen Kaplan and Michael Penfold, "China-Venezuela Economic Relations: Hedging Venezuelan Bets with Chinese Characteristics," Woodrow Wilson Center, February 20, 2019; Angus Berwick, "How ZTE Helps Venezuela Create China-Style Social Control," Reuters, Nov. 14, 2018; "Freedom on the Net 2019: Venezuela," Freedom House; Senate Foreign Relations Committee, *The New Big Brother: China and Digital Authoritarianism*, July 21, 2020.

[93] U.S. Department of State, Secretary of State Michael R. Pompeo, "Interview with Margaret Brennan of CBS Face the Nation," May 5, 2019; and U.S. Department of State, Secretary of State Michael R. Pompeo, "Remarks to the Press," March 11, 2019.

94 Sources for this paragraph include Kristen Martinez-Gugerli, "Taking Stock of Chinese and Russian Relations with Venezuela," WOLA, August 10, 2020; Mayela Armas, Corina Pons, "Exclusive: Venezuela Wins Grace Period on China Oil-for-Loan Deals, Sources say," Reuters, August 12, 2020; Armas and Pons, "Exclusive: Venezuela Removed Six Tonnes of Central Bank Gold at Turn of Year—Sources," Reuters, March 12, 2020; Ian Talley and Benoit Falcon, "Iranian Military-Owned Conglomerate Sets Up Shop in Venezuela," *Wall Street Journal*, July 5, 2020.

government's access to licit revenue, the illicit linkages between Venezuela and actors in some of those countries have become more apparent (see also "Venezuela Petroleum Trade with Non-U.S. Entities" and "U.S. Efforts to Combat Illicit Revenue Sources," below).

U.S. Policy

The United States historically had close relations with Venezuela, a major U.S. foreign oil supplier, but friction in relations increased under the Chávez government and has intensified under the Maduro government. For more than a decade, U.S. policymakers have had concerns about the deterioration of human rights and democratic conditions in Venezuela and the lack of bilateral cooperation on counternarcotics and counterterrorism efforts. During this time, Congress has provided funding to support democratic civil society in Venezuela. As the Maduro government has become increasingly authoritarian, the Obama and Trump Administrations have turned to sanctions, first targeted on specific officials and then aimed at broader sectors of the economy, the Maduro government, and most recently, entities supporting that government.

U.S. policy has toughened since the U.S. government ceased to recognize Maduro as Venezuela's legitimate president in January 2019 after his fraudulent May 2018 reelection. Since recognizing the Guaidó government in January 2019, the Trump Administration has coordinated its efforts with Interim President Guaidó and the nearly 60 countries who recognize his government. U.S. strategy has emphasized diplomatic efforts to bolster support for Guaidó and isolate Maduro; targeted sanctions and visa revocations on Maduro government officials and their families along with broader sanctions on the economy and government; assistance for the Venezuelan people and the interim government; and actions to cut off the Maduro government's sources of illicit revenue.[95] In early 2019, President Trump and other top officials suggested that U.S. military intervention in Venezuela was a possibility.[96] After U.S. allies (the EU and the Lima Group) and Members of Congress expressed opposition to that prospect (see H.R. 1004 and S.J.Res. 11), such statements became much less frequent.[97]

In March 2020, the Administration issued a "democratic transition framework" backed by Guaidó. The framework would lift certain sanctions in exchange for Maduro releasing political prisoners, having foreign security forces leave the country, and allowing the creation of a Council of State to carry out presidential duties until elections can be held. Even as Maduro-aligned actors in Venezuela are pushing forward with election preparations, the United States and members of the Lima Group, the EU, and the International Contact Group issued a statement on August 14, 2020, endorsing the formation of a transition government to organize presidential elections.[98]

The 116th Congress has enacted legislation to guide U.S. policy on Venezuela, appropriated foreign assistance to support the people of Venezuela and to address the Venezuela regional migration crisis, and conducted numerous oversight hearings on U.S. policy towards Venezuela. In December 2019, Congress enacted P.L. 116-94, which appropriates $30 million in FY2020

[95] U.S. Department of State, "U.S. Government Support for the Democratic Aspirations of the Venezuelan People," accessed August 17; 2020; Testimony of Elliott A. Abrams, Special Representative for Venezuela, U.S. Department of State, in U.S. Congress, Senate Committee on Foreign Relations, August 4, 2020. Hereinafter: Abrams testimony, August 4, 2020.

[96] The White House, "Remarks by President Trump to the Venezuelan American Community," February 18, 2019

[97] Secretary of State Michael Pompeo denied any U.S. involvement in the botched raid against Maduro in May 2020. See Karen DeYoung, Anthony Faiola, and Alex Horton. "U.S. Denies Involvement in Alleged Venezuela Invasion Attempt as Details Remain Murky," *Washington Post*, May 6, 2020.

[98] U.S. Department of State, "Joint Declaration of Support for Democratic Change in Venezuela," August 14, 2020.

assistance for democracy programs in Venezuela and incorporates the Senate-reported VERDAD Act (S. 1025) as Division J, Title 1 (see **Appendix A**). The VERDAD Act incorporated House-passed measures authorizing FY2020 humanitarian aid to Venezuela (H.R. 854), restricting the export of defense articles to Venezuela (H.R. 920), and requiring a U.S. strategy to counter Russian influence in Venezuela (H.R. 1477). Among other provisions, the measure authorizes $400 million in FY2020 humanitarian aid for the Venezuela crisis, authorizes $17.5 million to support the convening of elections with international observers, and extends sanctions for corruption and human rights violations through 2023.[99] In July 2019, the House passed H.R. 549, which would allow Venezuelan nationals in the United States to apply for Temporary Protected Status.[100] On July 30, 2019, a Senate effort to pass H.R. 549 by unanimous consent failed. Congress is considering the Administration's FY2021 request for $205 million in assistance to Venezuela. (For a discussion of congressional action, see "U.S. Assistance" section below.)

U.S. Sanctions on Venezuela[101]

The United States has increasingly employed sanctions as a policy tool in response to activities of the Venezuelan government and Venezuelan individuals. As the political and economic crisis in Venezuela has deepened, the Trump Administration has significantly expanded sanctions on Venezuela, relying on both existing authorities and new executive orders. Beginning in August 2017, those executive orders established financial sanctions on the Maduro government (including PdVSA), created economic sanctions on sectors of the economy, and prohibited unlicensed transactions with the Maduro government. The Administration has cited the Maduro government's human rights abuses, usurpation of power from the National Assembly, and rampant corruption as reasons for expanding U.S. sanctions.

- **Visa Revocations and Sanctions on Individuals.** Since January 2019, the State Department has revoked more than 1,000 visas, including those of current and former Venezuelan officials and their families.[102] The Treasury Department has imposed financial sanctions on a total of nearly 150 Venezuela-linked individuals for terrorism (E.O. 13224); drug trafficking (Foreign Narcotics Kingpin Designation Act, P.L. 106-120, Title VIII; 21 U.S.C. 1901 et seq.); and/or committing antidemocratic actions, human rights violations, or corruption (see E.O. 13692 in 2014 as codified in P.L. 113-278 and extended in P.L. 114-194 and, most recently, in P.L. 116-94).

[99] P.L. 116-94 required several reports from the State Department to Congress on Venezuela, including a report on accountability for human rights abuses committed by the Maduro government. U.S. Department of State, *Report on the Former Maduro Regime's Accountability for Crimes Against Humanity*.

[100] Congress created Temporary Protected Status (TPS) in 1990 (P.L. 101-649) to provide relief from removal and work authorization for foreign nationals in the United States from countries experiencing armed conflict, natural disaster, or other extraordinary conditions that prevent their safe return. H.R. 549 would add Venezuela to the list of countries designated for TPS. This designation would last for 18 months and could be extended by the Secretary of Homeland Security. Venezuelans who have been continuously present in the United States since the date of enactment and who meet certain other requirements would be eligible to apply for TPS. See CRS Report RS20844, *Temporary Protected Status: Overview and Current Issues*, by Jill H. Wilson. The Administration has not supported TPS for Venezuelans, though U.S. officials assert that Venezuelans are not being subject to removal. U.S. Congress, Senate Committee on Foreign Relations, *Venezuela*, 116th Cong., 2nd sess., August 4, 2020.

[101] For more detailed information, see CRS In Focus IF10715, *Venezuela: Overview of U.S. Sanctions*, by Clare Ribando Seelke.

[102] U.S. Congress, Senate Committee on Foreign Relations, *Venezuela*, 116th Cong., 2nd sess., August 4, 2020.

- **Financial sanctions** restricting Maduro government and state oil company, PdVSA, access to U.S. financial markets, with certain exceptions to minimize the impact on the Venezuelan people and U.S. economic interests (E.O. 13808 in August 2017);[103] prohibiting transactions using cryptocurrency (E.O. 13827 in March 2018);[104] and barring the purchase of Venezuelan debt or accounts receivable with the Venezuelan government, including PdVSA (E.O. 13835 in May 2018).[105]
- **Sectoral sanctions** blocking assets and prohibiting unlicensed transactions with PdVSA, Venezuela's central bank, and the state gold mining company, among other entities (E.O. 13850 in November 2018).[106]
- **Sanctions on the Maduro government** blocking assets in the United States and prohibiting transactions with that government unless authorized as part of efforts to aid the Venezuelan people. E.O. 13884 also authorized financial sanctions and visa restrictions on non-U.S. persons who assist or support the Maduro government To allow continued humanitarian assistance, OFAC issued licenses authorizing transactions involving the delivery of food, agricultural commodities, and medicine; personal remittances; the work of international organizations; and communications services (E.O. 13884 in August 2019).[107]

The U.S. government has coordinated its targeted sanctions policies with the EU and Canada. The Rio Treaty has become the means for U.S. efforts to build capacity and will in Latin America and the Caribbean to sanction Maduro officials.[108] The Trump Administration demonstrated some flexibility in its sanctions policy with the lifting of sanctions against the former head of Venezuela's intelligence service, General Manuel Cristopher Figuera, in May 2019 after he broke ranks with Maduro. Although some have praised the Administration for removing the sanctions on General Figuera, others have questioned how willing or able the U.S. government would be to lift sanctions on others, particularly for those who face U.S. criminal indictments.

Since 2017, the Trump Administration has significantly ratcheted up economic pressure on Venezuela and on Cuba for its support of Venezuela.[109] It is difficult to attribute precisely the extent of Venezuela's economic collapse that is due to U.S. sanctions versus broad economic mismanagement. Between 2017 and 2019, Venezuela's economy contracted by an average of 23.4% each year, oil production fell by about 60%, inflation grew to 17,000%, and annual

[103] E.O. 13808, "Imposing Additional Sanctions with Respect to the Situation in Venezuela," 82 *Federal Register* 41155-41156, August 24, 2017.

[104] E.O. 13827, "Taking Additional Steps to Address the Situation in Venezuela," 83 *Federal Register* 12469-12470, March 19, 2018.

[105] E.O. 13835, "Prohibiting Certain Additional Transactions with Respect to Venezuela," 83 *Federal Register* 24001-24002, May 21, 2018.

[106] E.O. 13850, "Blocking Property of Additional Persons Contributing to the Situation in Venezuela," 83 *Federal Register* 55243-55245, November 1, 2018.

[107] Executive Order 13884, "Blocking Property of the Government of Venezuela," 84 *Federal Register 38843*- August 5, 2020.

[108] U.S. Department of State, *Report on Developing and Implementing a Coordinated Sanctions Strategy with Partners in the Western Hemisphere and the European Union*, February 24, 2020.

[109] See CRS Report R45657, *Cuba: U.S. Policy in the 116th Congress*, by Mark P. Sullivan.

government budget deficits exceeded 20% of GDP.[110] The Maduro government has defaulted on all its bonds, and U.S. sanctions prohibit debt restructuring with creditors.

In terms of the sanctions' political effects, the imposition of targeted sanctions on individuals in the Maduro government has not encouraged many of those who were not yet sanctioned to abandon Maduro or changed the behavior of the sanctioned individuals. Broader U.S. sanctions adopted since 2017 have yet to compel Maduro to leave office, despite the country's increasingly dire economic situation. They also have provided a scapegoat on which Maduro has blamed the country's economic problems, including recent gasoline shortages and COVID-19.

U.N. officials, some experts, and some Members of Congress have urged the Administration to ease financial and sectoral sanctions on Venezuela, even if Maduro remains in office, so the country can address COVID-19.[111] The Administration, which has continued to impose sanctions during the pandemic, has maintained that U.S. sanctions on Venezuela include broad exemptions and authorizations to allow the provision of humanitarian assistance and the export of food, medicine, and medical devices, even as the sanctions are designed to limit the Maduro government's access to sources of revenue.[112]

Petroleum Sector Concerns and U.S. Economic Sanctions[113]

Venezuela's petroleum sector is a critical element of the country's economy. Estimates for calendar year 2018 indicate that oil revenues provided approximately 99% of Venezuela's export earnings.[114] The importance of oil to Venezuela's economy has resulted in this sector being a target of U.S. economic sanctions.

Oil production in Venezuela has been generally declining on an annual basis since 2006, when production averaged over 3.3 million barrels per day.[115] This downward production trend has been largely attributed to inadequate investment in and mismanagement of the country's oil production assets, such as subsidizing the domestic market and some exports, as well as changes to oil production fiscal and regulatory frameworks.[116] Sanctions imposed by the United States since 2017 targeting Venezuela's oil sector and PdVSA arguably have accelerated Venezuela's oil production decline (see **Figure 4**). However, quantifying actual production volumes affected by U.S. sanctions is difficult due to the downward production trend observed prior to sanctions being imposed.[117]

---

[110] Economist Intelligence Unit, *Country Report: Venezuela*, August 5, 2020; U.S. Energy Information Administration.

[111] "Ease Sanctions Against Countries Fighting COVID-19: UN Human Rights Chief," *UN News*, March 24, 2020; Cynthia Arnson and Oriana van Praag, "Venezuela and the Coronavirus: Another Path Is Possible," *Americas Quarterly*, March 30, 2020; Jack Dietch, "Democrats Push Back on Sanctions, Citing Coronavirus Fears," *Foreign Policy*, March 27, 2020.

[112] "Fact Sheet: Provision of Humanitarian Assistance and Trade to Combat COVID-19," Office of Foreign Assets Control (OFAC), U.S. Department of Treasury, April 16, 2020; "Guidance Related to the Provision of Humanitarian Assistance and Support to the Venezuelan People," OFAC, U.S. Department of Treasury, August 6, 2017.

[113] This section was authored by Phillip Brown, Specialist in Energy Policy, and summarizes information contained in CRS Report R46213, *Oil Market Effects from U.S. Economic Sanctions: Iran, Russia, Venezuela*, by Phillip Brown.

[114] Organization of the Petroleum Exporting Countries (OPEC), *Venezuela Facts and Figures*, at https://www.opec.org/opec_web/en/about_us/171.htm, accessed February 24, 2020.

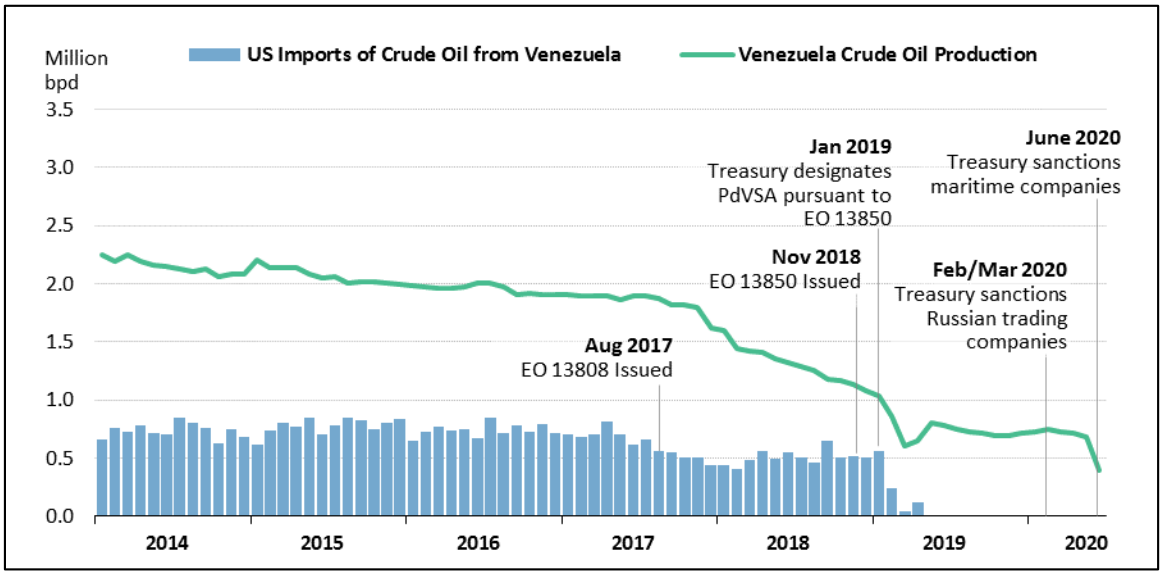
[115] BP, *Statistical Review of World Energy 2020: 69th edition*, June 2020.

[116] Igor Hernandez and Francisco Monaldi, "Weathering Collapse: An Assessment of the Financial and Operational Situation of the Venezuelan Oil Industry," *Center for International Development at Harvard University*, Nov. 2016.

[117] For an analysis of the impact of U.S. sanctions on the Venezuelan economy, including an approach to quantifying

Figure 4. Venezuela Crude Oil Production and U.S. Imports

(January 2014-June 2020)



Sources: Venezuela's crude oil production from Energy Intelligence Group's Oil Market Intelligence publication, accessed from the Bloomberg Terminal (subscription required). U.S. imports of Venezuelan crude oil from the Energy Information Administration.

Notes: PdVSA = Petroleos de Venezuela S.A.; E.O. = executive order; bpd = barrels per day.

E.O. 13808 imposed additional sanctions based on a national emergency declared in March 2015 (E.O. 13692), including limits imposed on PdVSA access to U.S. debt finance and a provision preventing PdVSA from receiving cash dividends from its U.S.-based Citgo refining and marketing subsidiary.

E.O. 13850 authorized prohibiting persons from engaging in transactions with any person determined to have supported "deceptive practices or corruption" involving the government of Venezuela (to include PdVSA). Economic sanctions that target Venezuela's oil sector are the result of executive orders and administrative actions based on national emergency authorities.[118] Since 2017, Venezuela oil-related sanctions generally have focused on three activities: (1) access to short-term debt finance and cash distributions; (2) petroleum trade between the United States and Venezuela; and (3) Venezuela oil transactions with non-U.S. buyers.

Limitations on Financial Access

Since August 2017 (E.O. 13808), PdVSA has been prohibited from engaging in transactions with U.S. persons/entities for new debt with a maturity of greater than 90 days. This limitation has resulted in difficulties for PdVSA paying for oil-related services and the acquisition of oil production equipment. Such difficulties have likely contributed to Venezuela's accelerated oil production decline. Additionally, the E.O. includes a provision that prevent PdVSA from receiving cash distributions from its U.S.-based Citgo refining and marketing subsidiary. (For

the amount of Venezuelan oil production that has been affected by U.S. financial and oil trade sanctions, see Francisco Rodríguez, "Sanctions and the Venezuelan Economy: What the Data Say," *Torino Economics*, June 2019.

[118] For additional information about the U.S. economic sanctions framework that affects Venezuela's oil trade, see CRS Report R46213, *Oil Market Effects from U.S. Economic Sanctions: Iran, Russia, Venezuela*, by Phillip Brown.

additional Citgo information, see the text box *Citgo's Uncertain Future: Multiple Creditors, Legal Claims, and New Management*, above.)

U.S.-Venezuela Petroleum Trade

Petroleum trade between the United States and Venezuela was effectively terminated as of January 2019, when PdVSA was added to the U.S. Treasury's Specifically Designated Nationals (SDN) list.[119] The result of this action was the creation of a petroleum supply constraint for which PdVSA and U.S. oil buyers have had to adjust. Historically, U.S.-Venezuela petroleum trade was bilateral and generally consisted of Venezuela exports of crude oil and U.S. exports of crude oil and petroleum products. Recently, this trade relationship has been dominated by Venezuela crude oil exports with certain characteristics that are ideally suited for the configuration of several U.S. refineries. The January 2019 action required U.S. refiners to either source similar crude oil types and other intermediate petroleum products from other suppliers and/or adjust refinery operations to process different crude oil blends. Temporary price dislocations resulted and were reflected in price differentials for benchmarks used to price oil in the U.S. Gulf Coast region.[120]

Economic sanctions imposed on Venezuela also prohibit PdVSA from purchasing diluents—light crude oil and certain petroleum products—from U.S. suppliers. Diluents are used by PdVSA to facilitate transportation and processing of Venezuelan crude oil with high viscosity characteristics. As a result, PdVSA has sourced diluents from other suppliers and modified operations to produce and transport crude oil with reduced access to diluent materials.

Venezuela Petroleum Trade with Non-U.S. Entities

Prohibiting Venezuela petroleum trade with the United States has resulted in Venezuela seeking alternative buyers for oil volumes that were previously destined for the United States and alternative suppliers for diluent and other petroleum products. Venezuela crude oil continued to be delivered to buyers in China, India, Cuba, and other countries. PdVSA has acquired diluents and other petroleum products from non-U.S. suppliers such as Russia.

Treasury's OFAC indicated in January 2019 that petroleum transactions with PdVSA involving any "nexus" of the U.S. financial system were prohibited.[121] An August 2019 executive order (E.O. 13884) authorizes the blocking of property located in the United States for persons/entities determined to have assisted PdVSA. Furthermore, E.O. 13850 provides the framework to designate any person or entity that provides support to the government of Venezuela; such a designation prevents access to the U.S. financial system. These are designed to discourage non-U.S. firms from engaging in petroleum transactions with PdVSA.

Efforts to further reduce PdVSA oil transactions with non-U.S. entities have included OFAC actions to sanction oil shipping vessels and trading companies, as well as to prohibit barter transactions that have provided PdVSA with alternative outlets for oil exports and alternative sources of petroleum imports. Some of these actions include (1) prohibiting transactions with

[119] U.S. Department of the Treasury, "Issuance of a New Venezuela-related Executive Order and General Licenses: Venezuela-related Designation," January 28, 2019.

[120] For additional information about price differentials related to sanctions imposed on Venezuela, see CRS Report R46213, *Oil Market Effects from U.S. Economic Sanctions: Iran, Russia, Venezuela*, by Phillip Brown.

[121] For additional information, see OFAC's FAQs, available at https://www.treasury.gov/resource-center/faqs/Sanctions/Pages/faq_other.aspx#650.

PdVSA-owned shipping vessels;[122] (2) targeting vessels that transport Venezuelan oil to Cuba;[123] (3) sanctioning two Swiss-incorporated oil trading firms—Rosneft Trading S.A. and TNK Trading International S.A.[124]—controlled by Russia's Rosneft Oil Company;[125] (4) designating other maritime companies and vessels;[126] and (5) sanctioning individuals and companies for sanctions evasion related to an alleged "oil-for-food" program.[127]

These incremental sanction efforts have made it more difficult for Venezuela to sell and export crude oil and likely will increase financial pressure on PdVSA and the Maduro government. Venezuela's monthly crude oil exports declined by approximately 90% from January 2017 to June 2020 (see **Figure 5**). Other entities can trade Venezuela crude oil—reports indicate this is happening—but some of this trade is reportedly in the form of "swap" transactions where, for example, Venezuelan crude oil is exchanged for petroleum products.[128] However, these firms may have to consider and manage the risks and related consequences of being designated by Treasury. Venezuela crude oil exports could continue, although future export volumes are uncertain, and PdVSA may have to incur costs—likely in the form of oil price discounts—in order to compensate traders and buyers to continue oil transactions.

Venezuela's oil production and trade outlook is uncertain. Economic sanctions directed toward PdVSA have impacted Venezuela's crude oil trade. The state-owned company has taken, and will likely continue to take, actions that could enable crude oil sales outside of the sanctions-related trade constraints. In the near term, Venezuelan crude oil production and trade likely will be a function of current sanctions and any additional sanctions that might be imposed by the Administration to discourage non-U.S. oil traders and buyers from transacting with PdVSA.

In February 2020, President Maduro declared an "energy emergency" and created a commission to focus on increasing PdVSA oil production.[129] The Maduro government has previously indicated that PdVSA aims to produce an average of 2 million barrels per day annually. However, crude oil production in the country has been on a declining trajectory for many years and has been below 1 million barrels per day since the beginning of 2019. Since the February 2020 declaration, the Maduro government has placed new leadership at PdVSA and the oil ministry and reportedly has considered restructuring parts of the oil sector to allow for more foreign investment and participation.[130] Exactly what the new PdVSA commission might do and the potential effectiveness of its actions are unknown.

---

[122] U.S. Department of the Treasury, "Treasury Sanctions Companies Operating in the Oil Sector of the Venezuelan Economy and Transporting Oil to Cuba," press release, April 5, 2019.

[123] Ibid.

[124] U.S. Department of the Treasury, "Treasury Targets Russian Oil Brokerage Firm for Supporting Illegitimate Maduro Regime," press release, February 18, 2020; U.S. Department of the Treasury, "Treasury Targets Additional Russian Oil Brokerage Firm for Continued Support of Maduro Regime," press release, March 12, 2020.

[125] Rosneft subsequently sold its Venezuela assets and trading companies dealing with PdVSA to a company owned by the Russian Government. See Rosneft, "Rosneft Sells It Venezuelan Assets and Becomes an Owner of 9.6% of its Share Capital," press release, March 28, 2020,

[126] U.S. Department of the Treasury, "Treasury Targets Maritime Entities for Supporting Illegitimate Maduro Regime in the Venezuela Oil Trade," press release, June 2, 2020.

[127] U.S. Department of the Treasury, "Treasury Targets Sanctions Evasion Network Supporting Corrupt Venezuelan Actors," press release, June 18, 2020.

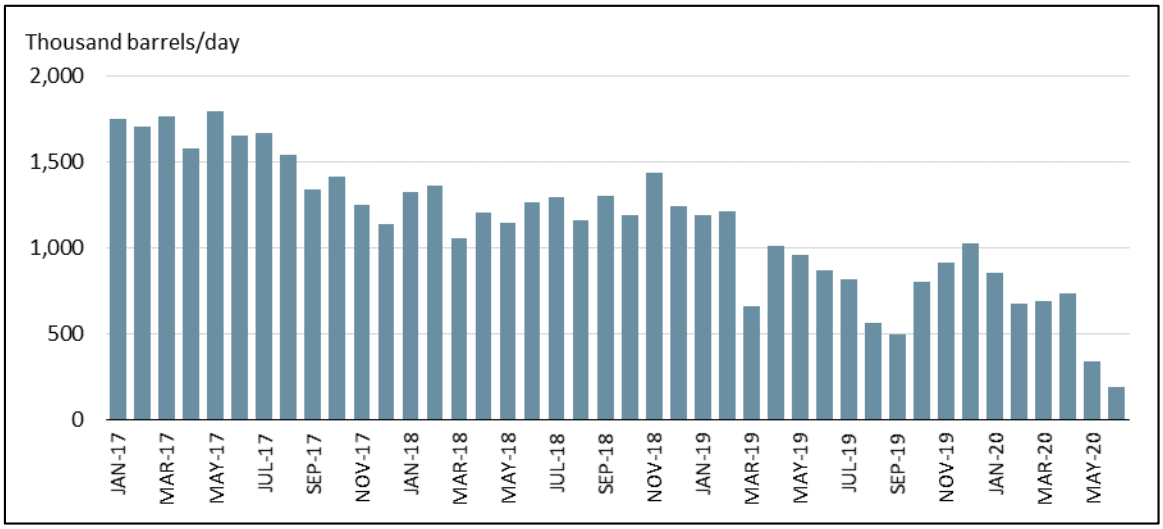
[128] Lucia Kassai, "Venezuela Tanker Tracker: July Oil Exports Rebound With India," Bloomberg News, July 31, 2020.

[129] Fabiola Zerpa, "Maduro Declares 'Energy Emergency,' Shakes up PDVSA Leadership," Bloomberg News, February 20, 2020.

[130] Fabiola Zerpa, "PDVSA's New Head Has Been Planning a Drastic Reorganization," Bloomberg News, April 29, 2020.

Figure 5. Venezuela Crude Oil Exports

(January 2017-June 2020)



Source: Bloomberg L.P. (subscription required), "Future Venezuela Oil Production and Trade."

Some U.S. companies had been allowed to continue operating in Venezuela under a General License (GL) issued and renewed periodically by OFAC.[131] Chevron, Halliburton, Schlumberger, Baker Hughes, and Weatherford International previously were authorized to continue working with PdVSA to maintain their oil production operations in Venezuela. However, in April 2020, OFAC modified the GL to allow only for activities limited to essential operations "for the safety or the preservation" of Venezuelan assets.[132] This action could result in less oil production in Venezuela from facilities operated by these companies.

Increased sanctions pressure on Venezuela's oil sector has resulted in petroleum trade and industry relationships that generally had not existed in recent history. Venezuela and Iran—two countries subject to stringent U.S. economic sanctions—have been trading with each other. In May 2020, five vessels delivered Iranian gasoline and other petroleum products to Venezuela.[133] Further, Iran has provided Venezuela with equipment, supplies, and technical expertise to support PdVSA refinery operations. The U.S. Department of Justice (DOJ) increased pressure on Iranian petroleum shipments to Venezuela by filing a complaint and obtaining a warrant to seize petroleum products aboard four oil tankers.[134] U.S. officials announced the seizure of those tankers, which contained more than 1 million barrels of petroleum products, on August 14, 2020.[135]

[131] General License 8 (GL 8), as periodically renewed and revised, had authorized Chevron, Halliburton, Schlumberger, Baker Hughes, and Weatherford International to continue their normal operations in Venezuela. GL 8 is available at https://www.treasury.gov/resource-center/sanctions/programs/pages/venezuela.aspx.

[132] Department of the Treasury Office of Foreign Assets Control, *General License No. 8F*, "Authorizing Transactions Involving Petroleos de Venezuela, S.A. (PdVSA) Necessary for the Limited Maintenance of Essential Operations in Venezuela for the Wind Down of Operations in Venezuela for Certain Entitites," April 21, 2020.

[133] Patricia Laya, Ben Bartenstein, and Fabiola Zerpa. "Venezuela's Maduro Defends Right to 'Freely Trade' with Iran," Bloomberg News, May 25, 2020.

[134] U.S. Department of Justice (DOJ), "Warrant and Complaint Seek Seizure of All Iranian Gasoil Aboard Four Tankers Headed to Venezuelan Based on Connection to IRGC," press release, July 2, 2020.

[135] U.S. Department of State, "On U.S. Seizure of Iranian Gasoline Intended for the Illegitimate Maduro Regime," August 14, 2020.

At this time, the future of Venezuela's oil sector is highly uncertain. Production and trade data indicate an economic sector that is in continuous decline, and reports suggest the condition of production, transportation, and refining assets is eroding. Current oil market conditions (i.e., relatively low prices, large global inventories, and an uncertain supply/demand balance) enable the United States to continue tightening Venezuela sanctions with limited risk of price escalation and negative impacts on consumers. Market conditions could change (e.g., supply shortage, low inventories, and relatively high prices) in the future, at which point Venezuelan crude oil production and trade could provide a source of supply that might contribute to a balanced market and price moderation. A decision to ease sanctions on Venezuela's oil sector in response to high global oil prices—should such a market condition be realized—could conflict with U.S. foreign policy objectives. However, the ability of Venezuela's oil sector to quickly return to even pre-sanction levels is questionable and may require large amounts of investment and human capital.

Challenging operating conditions in Venezuela may require expert-level management, engineering, and other technical competencies for the oil sector to begin the recovery process. Investment likely would be required to mobilize needed personnel and acquire the technology, equipment, and supplies needed to revitalize oil production, transportation, and refining assets. Sources for such investments and the time frame for completing projects deemed necessary are unknown. Furthermore, even when considering the possibility of political leadership change in the country, the outlook for oil production in Venezuela is uncertain. Regulatory and fiscal frameworks may need to be modified, oil market fundamentals (i.e., supply and demand) may be evaluated, and global environmental policies may need to be considered before investment capital is committed to Venezuela's oil sector.

U.S. Assistance

Humanitarian Assistance (Including COVID-19 Assistance)[136]

The U.S. government is providing humanitarian and emergency food assistance to Venezuela and helping to coordinate and support regional response efforts. As of May 2020, since FY2017, the Administration had provided more than $610.6 million in humanitarian funding for the Venezuela regional crisis, including $534.4 million to support Venezuelan refugees and migrants who fled to other countries or for the communities hosting them and $76.2 million for humanitarian relief activities inside Venezuela (since FY2018).[137] As of July 29, 2020, the State Department announced $13.7 million in COVID-related humanitarian assistance to the Venezuelan people.[138] (Humanitarian funding is drawn primarily from the global humanitarian accounts in annual Department of State-Foreign Operations appropriations.[139]) The U.S. military has twice deployed

[136] Written by Rhoda Margesson, Specialist in International Humanitarian Policy.

[137] USAID, "Venezuela Regional Crisis," Fact Sheet #2, FY2020, May 20, 2020. These amounts do not include all COVID-19 supplemental funding to the region.

[138] State Department, "State Department Update: The United States Continues to Lead the Global Response to COVID-19," July 29, 2020. COVID-19 supplemental funding included $9 million provided through USAID/Bureau of Humanitarian Assistance (International Disaster Assistance/IDA account) and $4.7 million through the State Department/Bureau of Population, Refugees and Migration/PRM (Migration Refugee Assistance/MRA account).

[139] U.S. humanitarian assistance for the Venezuela Regional Crisis is drawn primarily from three global humanitarian accounts, including Migration Refugee Assistance (MRA) administered through the State Department, and International Disaster Assistance (IDA) and Title II, (Emergency Food Assistance), which are both administered through USAID.

a naval hospital ship on medical support deployments.[140] In keeping with international humanitarian standards, U.S. humanitarian assistance is generally provided on the basis of need and according to principles of universality, impartiality, and independence.[141]

Democracy, Development, and Global Health-Related Assistance

For more almost two decades, the United States has provided democracy-related assistance to Venezuelan civil society through the U.S. Agency for International Development (USAID) and the National Endowment for Democracy (NED).

From FY2002 to FY2010, USAID supported small-grant and technical assistance activities through its Office of Transition Initiatives (OTI) to provide assistance monitoring democratic stability and strengthening the county's democratic institutions. USAID's Latin America and Caribbean Bureau assumed control over those programs in FY2010. Since FY2010, USAID democracy programs in Venezuela have been funded primarily through the Economic Support Fund (ESF) account. In recent years, U.S. democracy and human rights assistance appropriated to Venezuela amounted to $17.5 million in FY2019 (P.L. 116-6) and $30 million in FY2020 (P.L. 116-94).

USAID signed a bilateral agreement with the Guaidó government in October 2019 to expand its democracy and human rights-related programs in Venezuela and start new health and agriculture programs. This expansion in programming supports the goals of the interim government to facilitate a transition to democracy and start to rebuild key sectors damaged by the economic crisis. Although most of the assistance supports programs in Venezuela, some is also funding work-related travel, salaries, and secure communications systems for interim government officials and staff.[142] In addition to the democracy-related ESF assistance appropriated by Congress, the Administration has reprogrammed additional Development Assistance (DA), Global Health Program (GHP), and Democracy Fund (DF) assistance (See **Table 1**).[143] The funding is being administered primarily through third-party contractors. Should a political transition occur, the State Department and USAID have developed plans to support the interim government's transition plan, *Plan País*.[144]

[140] In December 2018, the U.S. Navy hospital ship USNS *Comfort* completed an 11-week medical support deployment to work with government partners in Ecuador, Peru, Colombia, and Honduras, in part to assist with arrivals from Venezuela. The USNS *Comfort* completed another five-month deployment that began in June 2019 and included missions in South American, Central American, and Caribbean countries that are hosting Venezuelan migrants.

[141] USAID, Office of Foreign Disaster Assistance, *Policy for Humanitarian Action*, October 2015. In February 2019, at the request of Interim President Guiadó, the U.S. government pre-positioned assistance (food, health, hygiene, and nutrition commodities) for the Venezuelan people on the Colombia- and Brazil-Venezuela borders. Security forces loyal to Maduro prevented the delivery of the humanitarian assistance. A broad range of humanitarian organizations, including U.N. entities, the ICRC, and NGOs, expressed concern not just about the many logistical and security problems in delivering assistance to Venezuela but also about the prospect of humanitarian aid being used as a tool in a political contest.

[142] USAID, Congressional Notification (CN) #157, July 11, 2019.

[143] USAID, "USAID Administrator Mark Green with Venezuelan Ambassador to the U.S. Carlos Vecchio on Milestone Bilateral Development Agreement," October 8, 2019; U.S. Department of State, *Report to Congress on a Comprehensive Strategy Base on Various Political Scenarios in Venezuela*, February 24, 2020.

[144] U.S. Department of State, *Report to Congress on a Comprehensive Strategy Base on Various Political Scenarios in Venezuela*, February 24, 2020.

Table 1. U.S. Foreign Assistance to Venezuela by Account: FY2017-FY2021 Request

(appropriations in millions of current U.S. dollars)

Account	FY2017[a]	FY2018 (estimate)[a]	FY2019 (estimate)	FY2020 (estimate)	Total	FY2021 (request)
DA	9.0	93.1	0.0	0.0	102.1	0.0
ESF	7.0	19.0	18.0	30.0	74.0	0.0
ESDF	0.0	0.0	0.0	0.0	0.0	200.0
GHP (USAID)	0.0	16.3	5.0	0.0	21.3	5.0
DF	0.0	4.0	0.0	0.0	4.0	0.0
Total	**16.0**[a]	**132.4**[a]	**23.0**[ab]	**30.0**[a]	**201.4**	**205.0**

Sources: U.S. Department of State, *Congressional Budget Justifications for Foreign Operations, FY2017-FY2021;* U.S. Agency for International Development (USAID), Congressional Notification (CN) #16, December 11, 2017; CN# 34, January 12, 2018; CN# 23, January 28, 2019; CN# 125, May 14, 2019; CN #156, July 11, 2019; CN#157, July 11, 2019; CN #219, September 5, 2019; CN #224, September 9, 2019; CN #229, September 11, 2019; CN #233, September 11, 2019; CN #243, August 9, 2019; CN #20, February 28, 2020; CN #165, April 24, 2020; CN $259, August 6, 2020.

Notes: DA = Development Assistance; DF = Democracy Fund; ESF = Economic Support Fund; ESDF = Economic Support and Development Fund; GHP = Global Health Programs.

a. These totals do not include economic and development assistance funds that have been provided to support countries that are sheltering Venezuelan refugees and migrants.

b. This total includes $450,000 in ESF notified on August 6, 2020, to combat illegally armed groups in Venezuela.

For FY2021, the Administration requested $5 million in global health assistance for Venezuela and $200 million in Economic Support and Development Fund funds to support a democratic transition in Venezuela, as well as humanitarian assistance for Venezuelans who have fled and the communities hosting them. According to the request, the budget includes "programming flexibility" to "support a democratic transition and related needs in Venezuela should circumstances warrant." The Administration had requested the authority to transfer up to $500 million between foreign aid accounts to support a democratic transition or respond to a crisis in Venezuela in FY2020; Congress did not approve that request in P.L. 116-94.

The House-passed version of the FY2021 Department of State, Foreign Operations, and Related Programs appropriations bill, Division A of H.R. 7608 (H.Rept. 116-444), approved July 24, 2020, would provide not less than $30 million for programs in Venezuela. H.Rept. 116-444 expresses support for the provision of additional assistance in the event that there is a democratic transition. The report also urges the administrator of USAID to provide International Disaster Assistance and Migration and Refugee Assistance help to respond to humanitarian needs resulting from the Venezuelan migration, both inside Venezuela and in the region. H.Rept. 116-444 directs Voice of America to continue to focus programming in Venezuela and urges the Open Technology Fund to focus on preserving internet freedom in Venezuela.

The National Endowment for Democracy (NED) has funded democracy projects in Venezuela since 1992. U.S. funding for NED is provided in the annual State Department and Foreign Operations appropriations measure, but country allocations for NED are not specified in the legislation. In 2019, NED funded 41 projects in Venezuela totaling more than $2.5 million.

U.S. Efforts to Combat Illicit Revenue Sources

While financial sanctions have sought to limit Maduro's licit revenue sources and punish those who have stolen billions from PdVSA and government programs, criminal investigations and antidrug operations have targeted illicit revenue earned by the Maduro government.

Venezuela is ranked among the most corrupt countries in the world. In 2019, Venezuela ranked 173 out of 180 countries covered in Transparency International's Corruption Perceptions Index.[145] High-level officials, many from the military, reportedly formed a drug trafficking organization (the Cartel of the Suns) in the early 2000s and have engaged in crimes such as illegal gold mining, weapons trafficking, and money laundering.[146] These criminal networks have linkages to foreign terrorist organizations such as the Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN).[147] The Maduro government allegedly also has ties to terrorist groups such as Hezbollah through various intermediaries (see "U.S. Concerns About Terrorism").[148]

Venezuela's instability, weak institutions, extensive 1,370-mile border with Colombia, and general lawlessness have attracted the attention of illegally armed groups. The ELN, which is still engaged in armed conflict in Colombia, and its rival, the Popular Liberation Army, reportedly recruit Venezuelans to cultivate coca, the plant component of cocaine.[149] The Rastrojos, a criminal group of former Colombian paramilitaries, reportedly controls important gasoline smuggling routes between Venezuela and Colombia. A February 2020 International Crisis Group study maintains that both FARC dissidents and ELN fighters are heavily involved in illegal gold mining.[150] Violence among these and other criminal groups has escalated.

[145] U.S. Department of the Treasury, "Treasury Disrupts Corruption Network Stealing From Venezuela's Food Distribution Program, CLAP," July 25, 2019.

[146] A May 2018 report by Insight Crime identified more than 120 high-level Venezuelan officials who have engaged in criminal activity. Insight Crime, *Venezuela: A Mafia State?* May 2018.

[147] "Cartel of the Suns," *Insight Crime*, October 31, 2016, at https://www.insightcrime.org/venezuela-organized-crime-news/cartel-de-los-soles-profile/.

[148] "Cape Verde Court Approves US Extradition of Maduro Financier for Money Laundering," *Jurist*, August 6, 2020.

[149] Helen Murphy and Luis Jaime Acosta, "Exclusive: Colombian Armed Groups Recruiting Desperate Venezuelans, Army Says," Reuters, June 20, 2019.

[150] International Crisis Group, *A Glut of Arms: Curbing the Threat to Venezuela from Violent Groups*, February 2020.

Counternarcotics and U.S. Antidrug Prosecutions and Operations

Venezuela is a major transit route for cocaine destined for the United States. In 2005, Venezuela suspended its counternarcotics cooperation with the U.S. Drug Enforcement Administration.[151] Since 2005, Venezuela has been designated annually as a country that has failed to adhere to its international antidrug obligations, pursuant to international drug-control certification procedures in the Foreign Relations Authorization Act, FY2003 (P.L. 107-228). Most recently, in August 2019, President Trump again designated Venezuela as a country not adhering to its antidrug obligations.[152] At the same time, President Trump waived economic sanctions that would have curtailed U.S. assistance for democracy programs.

The State Department reported in its 2020 *International Narcotics Control Strategy Report* (INCSR) that Venezuela was one of the preferred trafficking routes for the transit of illicit drugs out of South America, especially cocaine, because of the country's porous border with Colombia, economic crisis, weak judicial system, lacking international counternarcotics cooperation, and permissive and corrupt environment. According to the INCSR, Venezuelan authorities "failed to make demonstrable efforts to combat illegal drug activity and prosecute corrupt officials or suspected drug traffickers, including those sanctioned by the United States government."[153]

U.S. Indictment of Top Venezuelan Officials

On March 26, 2020, Attorney General William Barr announced the indictment of Venezuela's leader, Nicolás Maduro, and 14 other current and former high-ranking Venezuelan officials. As charged, Maduro allegedly participated in the Cartel of the Suns drug trafficking organization in conspiracy with the Colombian terrorist organization the Revolutionary Armed Forces of Colombia (FARC) to produce and traffic illicit drugs to the United States. Some 12 of the 18 individuals also are subject to U.S. sanctions (related to the situation in Venezuela, narcotics trafficking, or both). In addition to narcoterrorism conspiracy, the charges include drug trafficking, money laundering, and weapons charges. The State Department is offering a total of up to $55 million for information leading to the arrest, conviction, or both of five of these individuals (including Maduro).

See CRS Insight IN11306, *U.S. Indictment of Top Venezuelan Officials*.

U.S. authorities have taken action against Maduro officials and their relatives involved in drug trafficking and related crimes.[154] On March 2, 2020, the Spanish government approved the extradition of Venezuela's former intelligence chief, Hugo Carvajal, to the United States to stand trial for drug and weapons trafficking. In March 2019, a U.S. court charged former Vice President Tareck el Aissami with violating the Foreign Narcotics Kingpin Act. In December 2017, two nephews of First Lady Cilia Flores were sentenced to 18 years in a U.S. federal prison for conspiring to transport cocaine into the United States.

[151] The Venezuelan government ended cooperation after alleging that U.S. Drug Enforcement Administration agents were spying on the government, charges U.S. officials dismissed as baseless. Prior to that time, the governments had negotiated an antidrug cooperation agreement (an addendum to a 1978 Bilateral Counternarcotics agreement) that would have enhanced information-sharing and antidrug cooperation. Venezuela never approved that agreement.

[152] The White House, "Presidential Determination—Major Drug Transit or Major Illicit Drug Producing Countries for Fiscal Year 2020," August 8, 2019.

[153] U.S. Department of State, Bureau of International Narcotics and Law Enforcement Affairs, *2019 INCSR*, vol. 1.

[154] Sources for this paragraph include the following: "Spain Approves Extradition of Venezuela's ex-spy Chief to the United States," Reuters, March 3, 2020; DOJ, U.S. Attorney's Office, Southern District of New York, "Venezuelan Minister And Former Vice President Tareck Zaidan El Aissami Maddah Charged With Violations Of The Foreign Narcotics Kingpin Designation Act," March 8, 2019.

On April 1, 2020, President Trump announced the deployment of additional U.S. naval counterdrug assets to the Caribbean. With cooperation from partner governments, the operation has aimed to curb drug trafficking emanating from Venezuela. U.S. officials have reported that as of August 2020, the operation has seized more than 100 metric tons of cocaine and denied the Maduro government $3 billion in illicit revenue.[155]

Money Laundering and Asset Forfeiture

In addition to drug trafficking, the 2020 INCSR discusses Venezuela's high level of vulnerability to money laundering and other financial crimes. According to the report, money laundering is widespread in the country and worsened in 2019 as the Maduro government relaxed its controls over foreign exchange, prices, and imports. This move resulted in a rapid dollarization of the economy and created opportunities for corruption for those with dollars. Venezuela revised its laws against organized crime and terrorist financing in 2014 but excluded the government and state-owned industries from the scope of any investigations. The unit charged with investigating financial crimes has limited capabilities, and there is a lack of political will in the judicial system to combat money laundering and corruption.

Revenue from illicit Venezuela-linked activities has been laundered into accounts, real estate, and other industries around the world. U.S. prosecutors estimate that some $300 billion ill-gotten Venezuelan wealth is held in south Florida alone, primarily in real estate.[156] The March 2020 indictments against senior Venezuelan officials continue DOJ's decade-long effort to uncover corruption involving Maduro and his associates. Since 2010, DOJ has charged several dozen current or former officials, including a former national treasurer, senior state economic development bank official, military officer, judge, and officials from PdVSA and its subsidiaries.

According to the State Department, the U.S. government has coordinated its efforts to identify, confiscate, forfeit, and repatriate illicit Venezuelan assets, including through the U.S. Departments of the Treasury, Justice, and Homeland Security.[157] The Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) is the U.S. financial intelligence unit and administrator of U.S. anti-money laundering laws pursuant to the Bank Secrecy Act. FinCEN collaborates with financial intelligence units around the world. The Department of the Treasury's Executive Office for Asset Forfeiture administers the Treasury Forfeiture Fund, a federal fund for forfeitures that are the result of actions by selected participating agencies, and DOJ administers a separate assets forfeiture fund.[158] Some observers have expressed concern that U.S. seizures of Venezuelan assets may be used for U.S. law enforcement entities and have advocated that they instead be redistributed to the Guaidó administration or toward a charitable cause that would benefit the Venezuelan people.[159] According to press reporting, the Administration intends to permit the Guaidó government to use $20 million in forfeited assets to

[155] For initial results of that effort, see The White House, "Remarks by President Trump in Briefing on SOUTHCOM Enhanced Counternarcotics Operations," July 10, 2020; Abrams testimony, August 4, 2020;

[156] Joshua Goodman, "U.S. Prosecutor in Miami Targeting Venezuela Graft Is Leaving," AP, August 14, 2020.

[157] U.S. Department of State, *Report on Recovering Assets Stolen from the Venezuelan People*, Section 151 (b) of the Further Consolidated Appropriations Act, 2020 (Division J). 2020.

[158] The Treasury Forfeiture Fund participating agencies are the Internal Revenue Service Criminal Investigations Division, U.S. Immigration and Customs Enforcement, U.S. Customs and Border Protection, U.S. Secret Service, and U.S. Coast Guard. For information on DOJ's asset forfeiture fund, see https://www.justice.gov/afp/fund/.

[159] Michael J. Camilleri and Fen Osler Hampson, "Seize the Money of Venezuelan Kleptocrats to Help the Country and Its People," *Washington Post*, January 29, 2019.

address the COVID-19 crisis, including the provision of a monthly bonus to health care workers.[160]

The Treasury Department has helped countries develop the legal and technical capacity to block transactions and seize assets.[161] Analysts and U.S. officials have urged European countries and banks to intensify their efforts to detect and seize illicit assets tied to Maduro government.[162]

Illegal Mining

Gold mining, both licit and illicit, has accelerated as the Venezuelan economy has collapsed in the face of low global oil prices and an ongoing political crisis. Over the past few years, a boom in illegal mining in Venezuela has reportedly contributed to deforestation and environmental degradation in indigenous areas, clashes between rival criminal gangs and violence committed by those gangs against miners whom they extort, and an outbreak of malaria (a disease that had been eradicated).[163] FARC dissidents and the ELN reportedly earn a majority of their income from illegal gold mining; the Maduro government also has increased its involvement in the sector as licit gold supplies have run out.[164] According to numerous reports, the illegal mining industry also commits various human rights violations, including the forcible recruitment of child labor and abuses of indigenous groups, including the Yanomami tribe.

The U.S. government has created an interagency gold working group, imposed sanctions on individuals for their involvement in the illicit gold industry, and stepped up border security efforts to detect illicit gold shipments out of Venezuela.[165]

Human Trafficking

Criminal groups, sometimes in collaboration with corrupt officials, have subjected men, women, and children to human trafficking both within Venezuela and abroad, particularly in border regions and the Caribbean coast.[166] Within the country, victims are trafficked from rural to urban areas to serve as prostitutes or domestic servants. Venezuelan women and girls are often trafficked abroad for sexual exploitation, and children are trafficked for forced labor and/or are forcibly recruited by FARC dissidents and the ELN. In 2019, researchers documented increasing sex and labor trafficking by illegally armed groups in mining regions. Venezuelan migrants who have fled abroad lacking identity documents are particularly vulnerable to human trafficking.

---

[160] Karen DeYoung and Anthony Faiola, "Venezuela: Trump Administration Taps Frozen Funds in Effort to Oust Venezuelan Leader," *Washington Post*, August 21, 2020.

[161] Karen DeYoung and Anthony Faiola, "Venezuela: Trump Administration Taps Frozen Funds in Effort to Oust Venezuelan Leader," *Washington Post*, August 21, 2020.

[162] Douglas Farah, *The Maduro Regime's Illicit Activities: A Threat to Democracy in Venezuela and Security in Latin America*, Atlantic Council, August 13, 2020; Atlantic Council, *Transcript: Countering the Maduro Regime's Global web of Illicit Activities*, August 14, 2020, at https://www.atlanticcouncil.org/commentary/transcript/transcript-countering-the-maduro-regimes-global-web-of-illicit-activities/.

[163] Bram Ebus, "Militarization and Mining a Dangerous Mix in Venezuelan Amazon," Mongabay, December 7, 2017; Maria Isabel Sanchez, "Inside the Deadly World of Venezuela's Illegal Mines," AFP, March 19, 2017; Stephanie Nebehay, "Malaria on Rise in Crisis-Hit Venezuela, WHO Says," Reuters, April 24, 2018.

[164] International Crisis Group, *Gold and Grief in Venezuela's Violent South*, February 2019.

[165] Atlantic Council, "Transcript: Countering the Maduro Regime's Global Web of Illicit Activities," August 14, 2020.

[166] U.S. Department of State, *2020 Trafficking in Persons Report: Venezuela*, June 25, 2020. See also Devon Cone and Melanie Teff, *Searching for Safety: Confronting Sexual Exploitation and Trafficking of Venezuelan Women and Girls*, Refugees International, August 2019.

The U.S. Department of State ranked Venezuela as Tier 3 for the seventh consecutive year in its June 2020 *Trafficking in Persons* (TIP) report. This ranking indicates that the country does not meet minimum standards for preventing human trafficking, nor is it making significant efforts to do so. The Maduro government reported that it had created a special prosecutor's office for TIP cases and initiated proceedings against three officials complicit in a case that ended with a shipwreck at sea of a vessel reportedly carrying 90 people. The government did not provide any data on TIP victims assisted, prosecutions, or convictions for human trafficking. In September 2019, the Trump Administration waived TIP-related sanctions on assistance to Venezuela that would have been triggered by that Tier 3 ranking, determining that the continuation of U.S. democracy and human rights assistance was in the U.S. national interest. The State Department also has notified Congress of its intention to provide $3 million in FY2018 funds to help strengthen human trafficking efforts in countries bordering Venezuela.[167]

U.S. Concerns About Terrorism

Since 2006, the Secretary of State has determined annually that Venezuela has not been "cooperating fully with United States antiterrorism efforts" pursuant to Section 40A of the Arms Export Control Act (AECA). Per the AECA, such a designation subjects Venezuela to a U.S. arms embargo, which prohibits all U.S. commercial arms sales and retransfers to Venezuela. The most recent determination was made in May 2020 and published on June 2, 2020.[168]

In 2008, the Department of the Treasury imposed sanctions (asset freezing and prohibitions on transactions) on two individuals and two travel agencies in Venezuela for providing financial support to Hezbollah, which the Department of State has designated a Foreign Terrorist Organization. The action was taken pursuant to E.O. 13224, aimed at impeding terrorist funding.

According to the State Department's *Country Reports on Terrorism 2019*, Venezuela has a permissive environment for known terrorist groups, including FARC dissidents, the Colombian-origin ELN, and sympathizers of Lebanese Hezbollah. In particular, the report maintained that financial ties with FARC dissidents and the ELN facilitated the Maduro government's corruption and graft schemes. The State Department noted reports of sporadic cooperation between FARC dissidents and the ELN in the areas of road and border checkpoints, forced displacement of vulnerable indigenous communities, and trafficking of illegal narcotics and gold.[169]

According to several DOJ indictments, there are alleged links between the Maduro government and Hezbollah through a few key intermediaries. One of them, Alex Saab, a Colombian subject to U.S. sanctions, is in the process of being extradited from Cape Verde to face U.S. money laundering charges.[170] The DOJ also has charged a former Venezuelan legislator, Adel el Zabayar, with involvement in weapons for cocaine negotiations between the FARC and Hezbollah and Hamas.[171] Analysts have criticized the indictment for failing to provide conclusive evidence.[172]

---

[167] U.S. Department of State, CN #218, August 15, 2019.

[168] U.S. Department of State. Public Notice 11131, "Determination and Certification of Countries Not Cooperating Fully with United States Antiterrorism Efforts," *Federal Register* 2020-11858, June 2, 2020.

[169] U.S. Department of State, *Country Reports on Terrorism 2019*, June 24, 2020.

[170] A Cape Verdean court has approved Saab's extradition to the United States to stand trial for laundering money for Nicolás Maduro. DOJ, "United States v. Alex Nain Saab Moran, Docket No. 19-CR-20450-RNS," July 25, 2019; "Cape Verde Court Approves US Extradition of Maduro Financier for Money Laundering," *Jurist*, August 6, 2020.

[171] DOJ, "Former Member Of Venezuelan National Assembly Charged With Narco-Terrorism, Drug Trafficking, And Weapons Offenses," May 27, 2020.

[172] "US Indictment Claims Venezuelan Politician Linked to Hezbollah, Hamas," *Insight Crime*, May 29, 2020.

Some Members of Congress have called for Venezuela to be designated as a state sponsor of terror. This designation would trigger an array of sanctions, including aid restrictions, requirement for validated export licenses for dual-use items, and other financial restrictions. Critics caution there is a lack of evidence to conclude that the Venezuelan government has "repeatedly provided support for acts of international terrorism," as required by law.

Outlook

Since 2017, analysts have debated how long Maduro can retain his grip on power and what measures might hasten a return to democracy in Venezuela. With his second term widely regarded as illegitimate within Venezuela and by much of the international community, Maduro has faced tough sanctions and a reenergized opposition under the leadership of Interim President Juan Guaidó. Despite two bold efforts in 2019 by Guaidó and his supporters to encourage the Venezuelan military to abandon Maduro and sustained international pressure against him, Maduro remains the de facto leader of Venezuela. Given the rapidly deteriorating economic and humanitarian conditions in the country that are affecting the entire region, resolving the political crisis in Venezuela remains a top U.S. foreign policy priority. At the same time, although the prospect of a U.S. military intervention in Venezuela was discussed by top Administration officials in early 2019, it has not been publicly mentioned over the past year or so.

In 2020, political attention in Venezuela and among those following the crisis internationally has been focused on the December 6, 2020, legislative elections. With the Guaidó-led opposition boycotting and the United States, the EU, and most Western Hemisphere countries refusing to recognize the elections' validity, the path forward to a democratic transition has become decidedly less clear. Some observers have urged the Trump Administration to take even more aggressive measures to bring about a political resolution, such as increased secondary sanctions. Others argue that such actions could worsen the humanitarian situation, maintaining that support for a negotiated solution is the best course of action. In the absence of a political transition, the deteriorating humanitarian situation could increase pressure on U.S. allies throughout Latin America and the Caribbean that are hosting the majority of Venezuelans who have fled.

The 116th Congress has closely followed developments in Venezuela, held oversight hearings to review the Trump Administration's policy responses, and developed and passed comprehensive legislation that aims to advance a negotiated solution to Venezuela's crisis. For example, Congress enacted the VERDAD Act of 2019 (S. 1025) as part of Division J, Title 1, of the Further Continuing Appropriations Act, 2020 (P.L. 116-94). It remains unclear whether the Senate will take up House-passed legislation (H.R. 549) that would give Venezuelans Temporary Protected Status. In the meantime, Congress is considering the Administration's FY2021 budget request for Venezuela and for humanitarian support for countries sheltering Venezuelans and overseeing U.S. funding and sanctions related to the Venezuela crisis. For more information on legislative initiatives on Venezuela in the 116th Congress, see **Appendix A**.

Appendix A. Legislative Initiatives in the 116th Congress

Enacted Legislation

P.L. 116-6 (H.J.Res. 31), Consolidated Appropriations Act, 2019. The measure provided $17.5 million for democracy and rule of law programs for civil society groups in Venezuela. The conference report (**H.Rept. 116-9**) required a strategy of how U.S. agencies are supporting communities that are sheltering Venezuelans throughout Latin America and the Caribbean. Introduced January 22, 2019. Signed into law February 15, 2019.

P.L. 116-92 (S. 1790) National Defense Authorization Act, 2020. Similar to **H.R. 2204** and **S. 1151**, Section 880 of the measure prohibits federal contracting with persons who do business with the Maduro government. Introduced June 11, 2019. Signed into law December 20, 2019.

P.L. 116-94 (H.R. 1865), Further Consolidated Appropriations Act, 2020. Introduced March 25, 2019, and subsequently became the legislative vehicle for eight FY2020 appropriations bills. Signed into law on December 20, 2019. The measure provides $30 million in FY2020 assistance for democracy programs in Venezuela. It also incorporated provisions described below from the Senate-reported version of the VERDAD Act (**S. 1025**), including authorizing $400 million in FY2020 humanitarian aid to Venezuela and $17.5 million in FY2020 funds to help the OAS and civil society organizations prepare for future elections in Venezuela. The act required, among others, a short-term U.S. humanitarian assistance strategy to address the needs of the Venezuelan people; a report within a year on the coordination and distribution of humanitarian assistance, including future efforts; a U.S. strategy to counter Russian influence in Venezuela; a coordinated sanctions strategy on Venezuela with partners in the Western Hemisphere and the European Union; a strategy to support a democratic transition in Venezuela under different scenarios (similar to **S. 2583**); and a report on accountability for human rights abuses committed by the Maduro government.

Legislative Initiatives Incorporated into Bills Passed Into Law

The following bills were incorporated into other bills passed into law.

H.R. 854 (Mucarsel-Powell), the Humanitarian Assistance to the Venezuelan People Act of 2019, would require a strategy within 180 days of its enactment from the Department of State and USAID on the delivery of humanitarian assistance within Venezuela and for Venezuelans throughout Latin America and the Caribbean. Introduced January 29, 2019; amended and reported out of the House Foreign Affairs Committee March 14, 2019; House approved, as amended, March 25, 2019. (Incorporated into **P.L. 116-94** above.)

H.R. 920 (Shalala), the Venezuela Arms Restriction Act, would restrict the transfer of defense articles, defense services, and crime control articles to any element of the security forces of Venezuela under the authority of a government of Venezuela that is not recognized as the legitimate government of Venezuela by the government of the United States (i.e., the Maduro government). It would require a report within 180 days of the enactment of the act on the transfer of covered articles or services to the Maduro government since July 2017. Introduced January 30, 2019; reported out of the House Foreign Affairs Committee March 14, 2019; House approved March 25, 2019. (Incorporated into **P.L. 116-94** above.)

H.R. 1477 (Wasserman Schultz), **the Russian-Venezuelan Threat Mitigation Act,** would require the Secretary of State to submit an assessment within 120 days of its enactment on Russian-Venezuelan security cooperation and the potential threat such cooperation poses to the United States and countries in the Western Hemisphere. Introduced February 28, 2019; reported out of the House Foreign Affairs Committee March 14, 2019; approved by the House March 25, 2019. (Incorporated into **P.L. 116-94** above.)

S. 1025 (Menendez), **the VERDAD Act of 2019,** would establish as U.S. policy the pursuit of a peaceful, diplomatic solution to the Venezuelan crisis; authorize $400 million in new humanitarian assistance; prohibit visas for the family members of sanctioned individuals but establish a waiver with conditions to lift visa restrictions; remove sanctions on designated individuals not involved in human rights abuses if they recognize Venezuela's interim president; require the State Department to work with Latin American and European governments to implement their own sanctions; require the Departments of State, Treasury, and Justice to lead international efforts to freeze, recover, and repurpose the corrupt financial holdings of Venezuelan officials; and accelerate planning with international financial institutions on the economic reconstruction of Venezuela contingent upon the restoration of democratic governance. Introduced April 22, 2019; reported with an amendment in the nature of a substitute to include three House measures (**H.R. 854**, **H.R. 920**, and **H.R. 1477**) out of the Senate Foreign Relations Committee May 22, 2019. (Incorporated into **P.L. 116-94** above.)

H.R. 2204 (Waltz)/S. 1151 (Scott), **the Venezuelan Contracting Restriction Act,** would prohibit an executive agency from entering into a contract for the procurement of goods or services with any person that has business relations with an authority of the Maduro government. Introduced in the House April 10, 2019; referred to the House Committee on Government Reform. Introduced in the Senate April 11, 2019; reported with an amendment in the nature of a substitute by the Senate Homeland Security and Government Affairs Committee September 19, 2019 (**S.Rept. 116-85**). (Incorporated into **P.L. 116-92** above.)

H.R. 2500 (Smith), **the National Defense Authorization Act, FY2020,** would incorporate language similar to that of (**H.R. 2204**, **S. 1151**, and **S. 1790**) that would prohibit federal contracting with persons who do business with the Maduro government. Introduced May 2, 2019; amended by the House Committee on Armed Services (H.Rept. 116-120), House approved July 12, 2019. (For further action, see **P.L. 116-92** above.)

H.R. 2740 (DeLauro), **Labor, Health and Human Services, Education, Defense, State, Foreign Operations, and Energy and Water Development Appropriations Act, FY2020,** incorporates the language of **H.R. 2839** as Division D and references the report (**H.Rept. 116-78**) to H.R. 2839. It would provide $17.5 million for democracy and rule of law programs in Venezuela. Introduced and reported out of the Appropriations Committee May 15, 2019 (H.Rept. 116-62), House approved as amended June 19, 2019. (Incorporated into **P.L. 116-94** above.)

H.R. 2839 (Lowey), **the Department of State, Foreign Operations, and Related Programs Appropriations Act, FY2020,** would provide $17.5 million in democracy and human rights aid to Venezuela. The report (**H.Rept. 116-78**) would direct Migration and Refugee Assistance and International Disaster Assistance to addressing the Venezuela migration crisis. Introduced and reported out of the Appropriations Committee May 20, 2019 (**H.Rept. 116-78**). (For further action, see **H.R. 2470** and **P.L. 116-94** above.)

S. 2583 (Graham), the Department of State, Foreign Operations, and Related Programs Appropriations Act, FY2020, would require a strategy for U.S. assistance under various scenarios for U.S. assistance in Venezuela. Introduced September 26, 2019; referred to the Committee on Appropriations. (See **P.L. 116-94** above.)

Selected Legislative Initiatives

H.R. 1004 (Cicilline),**the Prohibiting Unauthorized Military Action in Venezuela Act,** would prohibit funds made available to federal departments or agencies from being used to introduce the armed forces of the United States into hostilities with Venezuela, except pursuant to (1) a declaration of war, (2) a specific statutory authorization that meets the requirements of the War Powers Resolution and is enacted after the enactment of this bill, or (3) a national emergency created by attack upon the United States or the armed forces. Introduced February 6, 2019; referred to the House Foreign Affairs Committee and the House Armed Services Committee; House Foreign Affairs Committee reported, as amended, April 9, 2019.

H.R. 549 (Soto), **the Venezuela TPS Act of 2019**, would allow certain Venezuelan nationals residing in the United States to qualify for temporary protected status, which prevents their removal from the United States and allows them to obtain employment and travel authorization. Introduced January 15, 2019; amended and reported (**H.Rept. 116-168**) out of the House Judiciary Committee May 22, 2019; House approved July 25, 2019.

H.R. 6395 (Smith), the National Defense Authorization Act, FY2021, would require a report within 120 days of the act's enactment on the political, economic, health, and humanitarian crisis in Venezuela and its implications for United States national security and regional security. Introduced March 26, 2020, reported as amended July 9, 2020 (**H.Rept. 116-442**), House approved July 21, 2020.

H.R. 7608 (Lowey), the State, Foreign Operations, Agriculture, Rural Development, Interior, Environment, Military Construction, and Veterans Affairs Appropriations Act, FY2021, would provide at least $30 million in democracy assistance to Venezuela. **H.Rept. 116-444** expresses support for the provision of additional assistance in the event that there is a democratic transition. The report also urges the Administrator of USAID to provide International Disaster Assistance and Migration and Refugee Assistance help respond to humanitarian needs resulting from the Venezuelan migration, both inside Venezuela and in the region. H.Rept. 116-444 directs Voice of America to continue to focus programming in Venezuela and urges the Open Technology Fund to focus on preserving internet freedom in Venezuela.

S. 636 (Menendez), **the Venezuela Temporary Protected Status Act of 2019,** would designate Venezuela under Section 244 of the Immigration and Nationality Act to permit nationals of Venezuela to be eligible for Temporary Protected Status under such section. Introduced February 28, 2019; referred to the Judiciary Committee.

S.J.Res. 11 (Merkley), **the Prohibiting Unauthorized Military Action in Venezuela Resolution of 2019,** would prohibit U.S. department or agency funding from being used to introduce armed forces into hostilities with Venezuela, except pursuant to a specific statutory authorization by Congress enacted after this joint resolution. Introduced February 28, 2019.

Appendix B. Online Human Rights Reporting on Venezuela

Table B-1. Online Human Rights Reporting on Venezuela

Organization	Document/Link
Amnesty International	*The State of the World's Human Rights*, https://www.amnesty.org/en/countries/americas/venezuela/report-venezuela/
Committee to Protect Journalists	http://www.cpj.org/americas/venezuela/
Foro Penal Venezolano	http://foropenal.com/
Human Rights Watch	http://www.hrw.org/en/americas/venezuela
Inter-American Commission on Human Rights (IACHR)	http://www.cidh.oas.org/DefaultE.htm; *Annual Report of the IACHR 2018*, 2019, chapter IV includes a special report on Venezuela, http://www.oas.org/en/iachr/docs/annual/2018/TOC.asp
Programa Venezolano de Educación-Acción en Derechos Humanos (PROVEA)	http://www.derechos.org.ve/
Reporters Without Borders	https://rsf.org/en/venezuela
U.S. State Department	*Country Report on Human Rights Practices 2018*, March 13, 2019, https://www.state.gov/reports/2018-country-reports-on-human-rights-practices/
Venezuelan Politics and Human Rights	Blog hosted by the Washington Office on Latin America, http://venezuelablog.tumblr.com

Source: Congressional Research Service.

Author Information

Clare Ribando Seelke, Coordinator
Specialist in Latin American Affairs

Phillip Brown
Specialist in Energy Policy

Rebecca M. Nelson
Specialist in International Trade and Finance

Rhoda Margesson
Acting Section Research Manager

Acknowledgments

Carla Davis-Castro, Research Librarian, contributed charts and background information for this report.

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.